

**Annual Report  
and Accounts  
2012/13**

**Shaping  
Society**

Economic and Social Research Council

**Annual Report  
and Accounts  
2012/13**

Presented to Parliament pursuant to Schedule 1 of the Science and Technology Act 1965.

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# Foreword

## by Chair

The ESRC has continued to increase operational efficiency and to direct funding to the highest quality research that has the most impact and potential to benefit society. As Chair I am pleased to see how the many initiatives introduced this year are seeking to answer big questions relating to economic and social wellbeing, and to deliver research that fits the strategic priorities set out in the ESRC's *Delivery Plan 2011-15*.



First, I would like to thank Professor Paul Boyle for his leadership of the ESRC. He has continued to engage fully with the academic, government and business communities. He has provided thoughtful and measured responses to the challenges the organisation has faced and found ways to work effectively with the many different ESRC stakeholders.

I welcome the appointment of Martin Rosenbaum, BBC executive producer, as a new member of the ESRC Council and the re-appointments of Mr Paul Grice, Mr Dave Ramsden, Mr David Walker and Professor John Beath.

Although the economic climate has remained gloomy, the ESRC has had an active and productive year. The initiatives introduced to reduce costs and increase efficiency have proved effective and enabled the organisation to achieve its research objectives. It has exploited its existing research catalogue to provide the maximum possible impact and commissioned new research that responds directly to increasing knowledge of UK and global economic and social issues.

The ESRC has fostered new relationships with policymakers and government to ensure that the evidence provided by its research is heard at the highest possible level. It has formed new alliances with businesses and industry, particularly the retail and financial services sectors, to apply research to solve real-world problems.

Communication has also been key to the ESRC's activities. Whether through face-to-face meetings, events, press, print and digital media, or through social media, the organisation has made every effort to ensure that it is transparent in explaining what it is doing, why it is doing it, and what the research it funds is achieving.

If I could choose one word to describe the ESRC's activities during 2012/13, it would be 'focused'. Across the centres, investments and individual researchers that are funded by the ESRC the experience and skills have been focused on specific issues that relate to its Delivery Plan objectives, contributing to the continuing debates around economics, public services, the environment, growth, energy and innovation.

In this way, social science research shows that it can make a vital contribution to our understanding of many of the most significant challenges society faces. By encouraging ESRC-funded researchers to make the biggest possible impact, the ESRC can influence public policies and make businesses, voluntary bodies and other organisations more effective, contributing substantially to the growth agenda.

This report provides a review of the ESRC's activities over the past year and how it is meeting its objectives. More than ever it details exciting developments such as new partnerships, data resources, centres, programmes and investments that are seeking answers to questions across a spectrum of social and economic issues, and finding new ways to understand and shape society.

**Dr Alan R Gillespie**  
Chair, ESRC

# Statement

## by Chief Executive

This has been an exciting year for the ESRC as the initiatives started in previous years have borne fruit, and we have also initiated new investments and partnerships to respond to new research challenges. We have controlled costs while maximising the impact of our social science research and continued to deliver the research priorities announced in our *Delivery Plan 2011-15*.



First, I am delighted that Dr Alan Gillespie has been re-appointed as chair of the ESRC. His public and private sector experience, and successful academic career, make him ideally placed to help set the ESRC agenda for policy-relevant research.

This has been an extremely active year for the ESRC. While we have worked within the programme of cost-savings and efficiency measures we introduced over the past two years we have invested widely in new research, programmes, centres and investments to contribute to our research agendas.

Our longitudinal studies continue to be the jewels in the crown of our research investments. Most recently, the ESRC investment in the ground-breaking Life Study, developed in close collaboration with the Medical Research Council (MRC), will bring together social, economic and biological measures to deepen our understanding of health and development in early childhood.

We are also working with the MRC on the Cohorts and Longitudinal Studies Enhancement Resources (CLOSER) – a world-leading initiative which brings together some of the most important studies of people's lives in the UK.

Maximising access to, and support for, social and economic data is a priority for the ESRC. We established the UK Data Service (UKDS), a new data service building on the success of our previous investments that will meet the current and future research demands of both academic and non-academic users.

With the MRC and Wellcome Trust we formed the Administrative Data Taskforce (ADT). The ADT has worked

with a range of government departments, academic experts, the funding agencies and representatives from all four nations in the UK to examine the best procedures and mechanisms to make routinely collected administrative data available for research safely. The ADT published its recommendations in a report in December 2012.

Alongside these new investments in data, we announced funding of nearly £30 million for a series of new investments in centres and large grants. These investments will focus on a range of subjects such as welfare, human behaviour, ethnic identity, language in society, quantitative methods and risks to the UK's financial system.

We have also funded research on our priorities through collaborations with other Research Councils and public, civil society and private organisations. Our UK Innovation and Research Centre (UK-IRC), co-funded with the Technology Strategy Board (TSB), the Department for Business, Innovation and Skills (BIS) and Nesta, continues to deliver a wide range of activities assisting private businesses to access university knowledge.

In partnership with HMRC and HM Treasury, the ESRC co-funded the new £2-million Tax Administration Research Centre (TARC) based at the University of Exeter and the Institute for Fiscal Studies. TARC will pursue a multidisciplinary research programme, engaging with tax administrations, the media and researchers to produce and share research on tax policies and administration throughout the policy and academic worlds.

The ESRC also commissioned the new Enterprise Research

# Statement by Chief Executive

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Centre (ERC) in partnership with BIS, the TSB and the British Bankers' Association, representing five of the major UK banks. The ERC will exploit and develop existing knowledge and data to strengthen the links between evidence and practice. In particular, it will inform government policy and business practice for small and medium-sized enterprises in the UK.

We continue to support social science that has an impact on the public sector and civil society. To help local government access existing research findings, the ESRC is co-funding a knowledge navigator team that will allow local councils to access the UK's existing research base, develop their own research, and exert more influence over future research agendas.

The ESRC has also been working closely with the Cabinet Office and others to develop a network of centres to provide comprehensive social science evidence to guide policy. The What Works Network will comprise two existing centres of excellence, the National Institute for Health and Clinical Excellence (NICE) and the Education Endowment Fund, plus four new, independent institutions responsible for synthesizing, assessing and sharing the best available evidence to inform policy and service delivery in the areas of reducing crime, promoting active and healthy ageing, effective early intervention and fostering local economic growth.

With a referendum on Scottish Independence due to be held in 2014, the ESRC rapidly introduced an initiative to gather independent evidence and undertake original research on the issues around the future of Scotland, the UK and more widely. We have appointed seven one-year senior fellowships, hosted a series of high-profile workshops and funded seven projects through our network of existing centre investments. The programme aims to both inform the debate in the run-up to the referendum and assist in planning across a wide range of areas which will be affected by the outcome of the vote, whether for independence or the Union.

Our international work includes two research programmes with the Department for International Development (DFID). The DFID-ESRC Growth Research Programme funds world-class scientific research on issues relating to inclusive economic growth in Low-Income Countries (LICs) with high potential for impact on policy and practice. The ESRC-DFID Joint Fund for Poverty Alleviation Research aims to provide a more robust conceptual and empirical basis for development and to enhance the quality and impact of social science research that can contribute to the achievement of human development objectives.

We launched a new Transformative Research Scheme that funds pioneering theoretical and methodological innovation, the novel application of theory and methods in new contexts, and/or

research based on the engagement of unusual disciplinary and interdisciplinary perspectives. Twenty new awards were made to fund exciting new approaches from within and beyond social science.

To help the most promising new researchers gain their first major grant we launched our new Future Research Leaders scheme, aimed at those who had completed their PhD within the last four years, making 54 awards across the full span of the social science research base. At the other end of the career ladder, we also ran another round of our Professorial Fellowship scheme and added a further eight of the UK's leading social scientists to our current family of 17 fellows.

We see our PhD students as the researchers of the future, and our student conferences have been instrumental in developing shared knowledge and experience. The ESRC is providing funding for ten conferences over a five-year period, aimed at first- and final-year students, and each hosted by one of the Doctoral Training Centres (DTCs).

We continue to explore and invest in publishing, digital social media, videos and events, finding the most-effective way to communicate with our many audiences. The new tools and methods we use are growing in popularity, particularly with the press and across the many researchers we fund.

A major highlight this year was our Portraits of Britain photographic competition, launched to celebrate the tenth anniversary of the Festival of Social Science. Over 450 photographs were entered in the summer competition and all winning and shortlisted images displayed at a free exhibition in London. Many of the winning images feature throughout this report. The Festival itself involved a week of over 180 events, scattered across the UK, attracting over 22,000 members of the public.

This year also saw the launch of the ESRC Celebrating Impact Prize – a new, annual opportunity to recognise and reward the successes of ESRC-funded researchers who have achieved, or are currently achieving, outstanding economic and/or societal impacts through collaborative working, partnerships, engagement and knowledge exchange activities.

The ESRC has achieved a great deal to meet its Delivery Plan objectives. I would like to thank the ESRC staff, Council and committee members for their enthusiasm and support and I look forward to building on our successes in the coming years.

**Professor Paul Boyle**  
Chief Executive, ESRC

# Management Review

Highlighting Social Sciences  
key highlights of the year

Maximising Impact

Impact Through World-Class Social  
Science Research

Impact Through Skilled People

Impact Through World-Class Infrastructure

Impact Through International Leadership

Impact Through Partnerships

Progress Against Targets and Milestones



# Highlighting Social Sciences

## Key highlights of the year

### The life downstairs

Dr Pamela Cox, Director of the ESRC Doctoral Training Centre and Senior Lecturer in Sociology at the University of Essex, presented the BBC series *Servants: the True Story of Life Below Stairs*. She showed that cultural representations of classic forms of service from the 1960s on have tended to present a romantic view.

But far from the rosy version of life downstairs seen in TV dramas, servant lives a century ago consisted of back-breaking work, long hours, low pay and often complete segregation from their superiors.



### Improving access for research and policy

The Administrative Data Taskforce (ADT) was formed in December 2011 by the Economic and Social Research Council (ESRC), the Medical Research Council (MRC) and Wellcome Trust, and chaired by Sir Alan Langlands.

The ADT has worked with a range of government departments, academic experts, the funding agencies and representatives from all four nations in the UK to examine the best procedures and mechanisms to make administrative data available for research safely. The report from the ADT was published in December 2012.

The ADT proposes a UK Administrative Data Research Network that would be responsible for linking data between government departments. The proposed network will provide a single governance structure that will allow for consistent and robust decision-making.



For a full copy of the ADT report, see: [www.esrc.ac.uk/\\_images/ADT-Improving-Access-for-Research-and-Policy\\_tcm8-24462.pdf](http://www.esrc.ac.uk/_images/ADT-Improving-Access-for-Research-and-Policy_tcm8-24462.pdf)

### Westminster Faith debates

The Westminster Faith debates, organised by the AHRC/ESRC Religion and Society Programme, concluded in July 2012 with a debate between former Prime Minister Tony Blair; the then Archbishop of Canterbury Rowan Williams, and the former *Daily Telegraph* editor Charles Moore.

The series of public debates in London were organised by Professor Linda Woodhead and Dr Rebecca Catto from Lancaster University together with former Home Office minister the Rt Hon Charles Clarke, who is a Visiting Professor in Politics and Faith.

An audience of 450 people watched the final debate, which was also live-streamed. It has attracted worldwide attention and been covered in the *Guardian*, *Times*, *Huffington Post*, and front page and main feature in the *Daily Telegraph*.

## 2012 Queen's Birthday Honours

A number of prominent social scientists and ESRC grant holders were honoured in the 2012 Queen's Birthday Honours list

### **Commanders of the Order of the British Empire (CBE)**

#### **Professor Ian Hargreaves**

Professor of Digital Economy, Cardiff University and RCUK Digital Economy Programme Advisory Board member; for services to the Creative Economy and Higher Education

#### **Professor David Newbery FBA**

Emeritus Professor of Applied Economics, University of Cambridge, Director of the ESRC Electricity Policy Research Group and ESRC Peer Review College member; for services to Economics

#### **Professor Alison Wolf**

Sir Roy Griffiths Professor of Public Sector Management, King's College London, former ESRC grant holder; for services to Education

### **Officers of the Order of the British Empire (OBE)**

#### **Professor Gordon Murray**

Lately Chairman of Management (Entrepreneurship), University of Exeter Business School and involved in the NORFACE Programme, for services to Business

#### **Sally Reynolds**

Co-founder and lately Chief Executive, Social Firms UK, ESRC seminar participant and grant holder; for services to Equality in the Labour Market

### **Professor Peter Taylor-Gooby**

Professor for Social Policy, University of Kent; Director of former ESRC research programmes Social Contexts and Responses to Risk (2003-2008) and Economic Beliefs and Behaviour (1994-1999), for services to Social Science

### **Professor Jeffrey Weeks**

Research Professor, London South Bank University and former ESRC grant holder; for services to Social Science

### **Members of the Order of the British Empire (MBE)**

#### **Professor Ann Buchanan**

Professor of Social Work, University of Oxford, ESRC Council member and Chair of the Evaluation Committee, for services to Social Science

#### **Andrew Minnion**

Director, The Rix Centre, University of East London, ESRC Peer Review College member; for services to the Education of People with Special Needs

### **Knights Bachelor – Knighthoods**

#### **Professor Ian David Diamond FBA FRSE**

Principal and Vice-Chancellor, University of Aberdeen, Former Chief Executive of the ESRC, for services to Social Science and Higher Education

#### **Professor Simon Charles Wessely**

Vice Dean in Academic Psychiatry at the Institute of Psychiatry, King's College London, ESRC grant holder; for services to Military Healthcare and to Psychological Medicine

## Knowledge Transfer Partnership (KTP) Winners



The ESRC's winning KTP with KTP Associate Harriet Knowles, Falmouth Harbour Commissioners and the University of Plymouth, was among the eight finalist Best Partnership teams at the November 2012 KTP Awards. Business Leader of Tomorrow awards were also presented to KTP Associate Kate Jones for her work with Newcastle University and the Northumberland Church of England, and Katie Flaherty for her work with Leicester De Montfort University and Leicester-based digital media centre Phoenix.

Knowledge Transfer Partnerships is a UK-wide programme overseen by the Technology Strategy Board, and aims to help businesses improve their competitiveness through partnership collaborations.

## ESRC Celebrating Impact Prize

The ESRC Celebrating Impact Prize is a new, annual opportunity to recognise and reward the successes of ESRC-funded researchers who have achieved, or are currently achieving, outstanding economic and/or societal impacts. The prize celebrates outstanding ESRC research and success in collaborative working,

partnerships, engagement and knowledge exchange activities that have led to significant impact.

Researchers can enter in one of six categories, each with a prize of £10,000 for the winner, and a further £10,000 for the department with the Impact Champion of the Year:



# Highlighting Social Sciences

## Key highlights of the year

### 2013 New Year Honours

Social scientists and ESRC grant recipients were honoured in the New Year Honours 2013

#### **Commanders of the Order of the British Empire (CBE)**

##### **Professor John Richard Britton**

Honorary Consultant in Respiratory Medicine and Professor of Epidemiology at the University of Nottingham, Director of the UK Centre for Tobacco Control Studies, ESRC grant holder; for services to Respiratory Medicine

##### **Professor Judith Anne Freedman**

Professor of Taxation Law, University of Oxford, ESRC grant holder; for services to Tax Research

#### **Officers of the Order of the British Empire (OBE)**

##### **Professor Ian Bateman**

Professor of Environmental Science and Economics, University of East Anglia, ESRC grant holder; for services to Environmental Science and Policy

##### **Professor Muriel Anita Robinson**

Vice-Chancellor, Bishop Grosseteste University, ESRC seminar grant 2005-2007, for services to Higher Education

##### **Professor David John Hand**

Senior Research Investigator, Imperial College London, ROPA grant 1996-1998, for services to Research and Innovation

#### **Members of the Order of the British Empire (MBE)**

##### **Professor Linda Woodhead**

Professor of Sociology of Religion, Lancaster University, Director of the AHRC/ESRC Religion and Society Programme (2007-2012), for services to Higher Education

### New Understanding Society data survey offers exciting opportunities



Data from waves three and four of the Understanding Society Innovation Panel have been made available to download. The panel is used to test questions, procedures and methods in a context that is similar to the main Understanding Society survey and other household panel surveys, but with adults and young people from 1,500 households it also has a sample size sufficiently large to enable quantitative evaluation.

Four waves of data have now been collected and all are available from the UK Data Service. [For more information, see: discover.ukdataservice.ac.uk/catalogue?sn=6849](http://discover.ukdataservice.ac.uk/catalogue?sn=6849)

### New national digital repository for social and economic data

The ESRC has invested £17 million over five years in the UK Data Service. The new service provides a unified point of access to the extensive range of high-quality economic and social data, including valuable census data. It is designed to provide seamless access and support to meet the current and future research demands of both academic and non-academic users, and to help them maximise the impact of their work.

The UK Data Service was created from the integration of the Economic and Social Data Service (ESDS), the Census Programme, the Secure Data Service and other elements of the data service infrastructure previously provided by the ESRC.

For more information, see:  
[ukdataservice.ac.uk](http://ukdataservice.ac.uk)

### UK Data Service



### Dr Alan Gillespie re-appointed Chair of ESRC



Minister for Universities and Science David Willetts announced the re-appointment of Dr Alan Gillespie CBE as the Chair of the ESRC.

"I am delighted that Dr Alan Gillespie has agreed to remain as chair of ESRC," commented David Willetts in the press release from the Department for Business, Innovation and Skills. "His public and private sector experience as well as his successful academic career make him very well placed to serve the council."

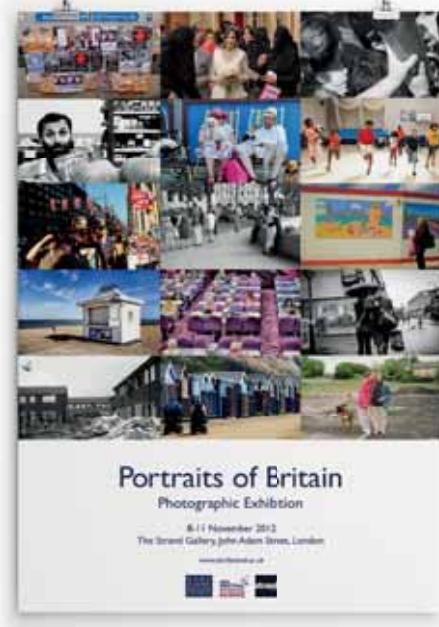
"I am honoured to be invited to chair the Economic and Social Research Council for a further four years," said Dr Gillespie. "I look forward to continuing my work with the council and management team in setting the agenda for policy-relevant research over the coming years."

## Science Minister presents Portraits of Britain prizes

How can you capture the meaning of 'social sciences' and 'society today' in a single picture? What does social science mean to you, and how would you portray the social sciences in one image? This was the challenge of Portraits of Britain – a photographic competition organised by the ESRC to celebrate the tenth anniversary of the Festival of Social Science.

Over 450 photographs were entered in the summer competition and all winning and shortlisted images displayed at a free exhibition at The Strand Gallery in

London in November 2012. Winners were announced at the exhibition launch on 7 November with prizes presented by the Rt Hon David Willetts MP, Minister for Universities and Science.



## New team to navigate local government

Local councils and communities across the UK are having to tighten their purse strings in the face of a period of sustained austerity, and respond to demographic, technological and environmental change. They need to access the best knowledge and understanding available to adapt and respond to these challenges.

The ESRC, in partnership with the Society of Local Authority Chief Executives and Senior Managers (SOLACE) and the Local Government Association (LGA), is funding a knowledge navigator team that will provide an opportunity for councils to tap into existing research, exert more influence over future research agendas, and develop their own research and development capacity. They will also help the research community to connect better with the needs of the sector.

## ESRC participating in What Works Network for public sector investments

The ESRC is participating as funding partner in the What Works Network, announced in March 2013 by the Chief Secretary to the Treasury, Danny Alexander, and Minister for Government Policy, Oliver Letwin. The What Works Network aims to provide robust research evidence to guide decision-making on £200 billion of public spending.

As well as two existing centres of excellence – the National Institute for Health and Clinical Excellence and the Educational Endowment Foundation – the network will consist of four new independent institutions part-funded by the government, with significant contributions from the ESRC. The new centres will focus on four key research areas: tackling crime, promoting active and independent ageing, effective early intervention, and fostering local economic growth.

For more information, see: [www.gov.uk/government/publications/what-works-evidence-centres-for-social-policy](http://www.gov.uk/government/publications/what-works-evidence-centres-for-social-policy)

## New British Election Study consortium

The next British Election Study will be hosted by a consortium comprising the Universities of Manchester, Oxford and Nottingham.

The British Election Study has been conducted at every General Election since 1964, and increases understanding of long-term trends in British voting behaviour. The study looks at why people vote, and why they vote the way they do. The Manchester-Oxford-Nottingham consortium takes over the study from the University of Essex and proposes some key changes of emphasis, including a focus on concerns about representation and accountability; growing disengagement with mainstream political choices, and the impact of economic hardships and austerity upon political attitudes and participation.

# Highlighting Social Sciences

## Key highlights of the year

### Performance under pressure

The BBC collaborated with ESRC-funded research to explore how people handle tasks under stress. 'Can you compete under pressure?' – a 20-minute online test fronted by Olympic athlete Michael Johnson – gives participants a personal performance analysis and advice on mental preparation.

The BBC Lab UK test aims to be 'the biggest ever study of the psychology of pressure' and is based on research by Professors Andy Lane and Peter Totterdell at the ESRC-funded Emotion Regulation of Others and Self (EROS) research network. The EROS project aims to advance the understanding of emotion regulation – the set of automatic and controlled processes involved in initiating, maintaining, and modifying states of feeling in self and others.

For more information, see: [www.bbc.co.uk/compete](http://www.bbc.co.uk/compete)

### New centres and large grants funding

Following the latest call for the centres and large grants competition, the ESRC announced overall funding of nearly £30 million for a series of new investments. These investments will focus on a range of subjects: the impact of welfare; understanding human behaviour, including behaviour change and decision-making; dynamics of ethnic identity and relations; the use and manipulation of language in society; applying quantitative methods to complex social issues; and the global economic crisis and risks to the UK's financial system.

For more information, see: [www.esrc.ac.uk/news-and-events/press-releases/24715/new-centres-and-large-grants-funding-announced.aspx](http://www.esrc.ac.uk/news-and-events/press-releases/24715/new-centres-and-large-grants-funding-announced.aspx)

### UK Human Geography world number one

The ESRC, the Royal Geographical Society (with the Institute of British Geographers) (RGS-IBG) and the Arts and Humanities Research Council (AHRC) launched the results of a benchmarking review of human geography at the RGS-IBG offices in March 2013. This is the sixth in the series of benchmarking reviews looking into UK social science disciplinary areas.



The benchmarking reviews aim to highlight the standing and contribution of UK social science research in an international context, and also to identify ways of enhancing capacity and to promote and shape future research agendas.

To download a full copy of the report, see: [www.esrc.ac.uk/funding-and-guidance/tools-and-resources/impact-evaluation/UK-human-geography.aspx](http://www.esrc.ac.uk/funding-and-guidance/tools-and-resources/impact-evaluation/UK-human-geography.aspx)

### Tax Administration Research Centre launches



The official launch of the Tax Administration Research Centre (TARC) took place in February in Westminster. The centre is a joint partnership between the University of Exeter and the Institute for Fiscal Studies, and received funding of £2 million from the ESRC, HMRC and HM Treasury.

The centre supports high-quality research and related activities on tax administration,

to strengthen the understanding of the delivery and design of tax operations and policies. It pursues a multidisciplinary research programme with a research team that includes economists, accountants, experimentalists and psychologists. It engages with tax administrations, the media and researchers to disseminate this information throughout the policy and academic world.

## Finding out how today's teens tick

The Millennium Cohort Study (MCS) will conduct an age 14 survey after receiving funding of £3.5 million from the ESRC. The MCS follows the lives of 19,000 children born in the UK in 2000-01. Five surveys of cohort members have already been carried out at the ages of nine months, three, five, seven and 11 years. The age 14 survey, scheduled for 2015, is the next phase of the study.

The MCS collects information on the children's siblings and parents, and covers such diverse topics as parenting,

childcare, school choice, child behaviour and cognitive development, child and parental health, parents' employment and education, income and poverty, housing, neighbourhood and residential mobility, and social capital and ethnicity.



## Research to kick-start UK economy

What will it take to put the UK back on the path of sustained economic growth? An ESRC report investigates the challenges the UK faces after the economic downturn and explores a range of initiatives across education, business, housing, industry, and innovation that could help kick-start growth.

*Re-igniting Growth* includes a series of interviews with key academics funded by the ESRC. The report offers new perspectives on many aspects of the economic problems facing the UK and shows the range of expertise of the centres and experts funded by the ESRC, and the unique findings of the economic and social research they produce.

Download a copy of *Re-igniting Growth* at: [www.esrc.ac.uk/reigniting-growth](http://www.esrc.ac.uk/reigniting-growth)

## Fellows examine future of the UK and Scotland

With a referendum on Scottish Independence due to be held in 2014, the ESRC has appointed seven one-year senior fellowships with overall funding of £1.3 million.

The ESRC Scotland Senior Fellowships scheme invited applications to provide evidence and analysis across the broad range of issues and policy areas affected by the Scotland independence debate and the longer term future of the UK and Scotland.



The scheme forms part of a programme of work addressing issues around the future of Scotland, the UK and more widely. The programme aims to both inform the debate in the run-up to the referendum and assist in planning across a wide range of areas which will be affected by the outcome of the vote, whether for independence or the Union. These include voting, culture and identity, business intelligence, fiscal and monetary policy, policy development, building of new constitutional arrangements, and defence and administrative practice.



# Highlighting Social Sciences

## Key highlights of the year

## Enterprise Research Centre launches

Warwick and Aston Universities will host a new Enterprise Research Centre that will help develop understanding of the factors affecting business investment, performance and growth. The centre is a joint collaboration between the Department for Business, Innovation and Skills (BIS), the British Bankers' Association (BBA), the ESRC and the Technology Strategy Board, and will become a national and international focal point for research, knowledge and expertise on small and medium-sized enterprises (SMEs).

The new £2.9-million centre will exploit and develop the existing knowledge base and data resources, strengthen the links between evidence and practice, and inform government policy and business practice for SMEs in the UK.

Warwick and Aston University will work alongside a consortium of other universities including Strathclyde, Birmingham, De Montfort and Imperial College London.



## IFS Green Budget

Spending on public services excluding health, schools and overseas aid could be cut by a third by 2017-18, according to the Institute for Fiscal Studies (IFS).

The IFS Green Budget, funded by the Nuffield Foundation, warned in February 2013 that current spending plans imply public service spending cuts could fall by a third on average across all unprotected Whitehall departments. But if defence equipment is added to the protected areas, spending in the remaining services would need to be cut further, by around 35 per cent.

The Institute, which is core-funded by the ESRC, publishes the Green Budget annually as an analysis of the UK's fiscal situation and available options for the forthcoming Budget.

The full IFS Green Budget report is available at: [www.ifs.org.uk/publications/6562](http://www.ifs.org.uk/publications/6562)

## Getting CLOSER to cohort studies

The Cohorts and Longitudinal Studies Enhancement Resources (CLOSER), a world-leading initiative which brings together some of the most important studies of people's lives in the UK, was launched in October 2012 by the ESRC and the MRC.

The UK is home to the largest and longest-running longitudinal studies in the world and CLOSER will play a vital role in maximising the use, value and impact of these studies both within the UK and abroad. It will focus on nine of the country's leading studies, with participants born as early as 1911 and as recently as 2007. Strengthening the links between these studies will encourage much better use of the rich and detailed data on people's lives, gathered over many years in the UK.



For more information, see  
[www.closerprogramme.co.uk](http://www.closerprogramme.co.uk)

## New medical research centres

A consortium of ten UK government and charity funders, led by the MRC, has made a historic £19-million investment to establish four e-health research Centres of Excellence in London, Manchester, Dundee and Swansea. The Centres will open in late 2012 and will harness the wealth of UK electronic health records to improve patient care and public health. The members of the initiative have been jointly-funded by partners including the ESRC, MRC, and EPSRC.

## Seven days of social science research

The ESRC published the Seven Days of social science research videos and accompanying report that highlight how ESRC-funded research is exploring all areas of our lives.

The videos and report cover a range of themes and feature experts from ESRC-funded centres and programmes. They explore some of the research the ESRC funds within each theme, and give links to further resources.

For more information, see [www.esrc.ac.uk/publications/videos/seven-days.aspx](http://www.esrc.ac.uk/publications/videos/seven-days.aspx)



## Britain in 2013 – the nation in focus



Published in November 2012, *Britain in 2013 – the nation in focus*, showcases the diversity of ESRC-funded research on the state of the nation. The magazine is a mixture of academic opinion pieces alongside informed journalistic writing, offering a concise analysis of research and topical issues concerning Britain today.

*Britain in 2013* reflects on, and offers possible solutions to, the most pressing problems British society faces. It tackles many issues related to climate change, the delivery of public services, education, business management, Britain's retail sector, fiscal policy, Scottish independence, ethical challenges of scientific advances, the social mobility enigma, the future of the news industry, and the importance of providing aid to developing countries, even in a time of austerity.

For more information, see: [www.esrc.ac.uk/publications/britain-in](http://www.esrc.ac.uk/publications/britain-in)

# Highlighting Social Sciences

## Key highlights of the year

## Recession hits workplaces, but not employee attitudes

The 2011/12 Workplace Employment Relations Study has shown that few workplaces have escaped the effects of the economic downturn. The 2011 WERS was jointly sponsored by the Department for Business Innovation and Skills (BIS), the ESRC, the UK Commission for Employment and Skills (UKCES), the Advisory Conciliation and Arbitration Service (Acas) and the National Institute of Economic and Social Research (NIESR). NIESR's contribution was made possible by a grant from the Nuffield Foundation.

In 90 per cent of workplaces, the senior manager responsible for personnel issues said that the recession had at least some adverse effect on the workplace. Around half of employees in the public sector reported wage cuts or freezes, compared with just over one quarter in the private sector. More than a third of public sector employees reported an increase in workload, compared with 26 per cent in the private sector.

But despite the adverse impact of the economic downturn, the report shows that most employees remained content with their jobs, despite the changes that



were made to staffing practices through the course of the recession.

A copy of the publication can be downloaded from the BIS website:  
[www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/68684/13-535-the-2011-workplace-employment-relations-study-first-findings.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/68684/13-535-the-2011-workplace-employment-relations-study-first-findings.pdf)

## RELU Director wins award

Rural Economy and Land Use (RELU) programme Director Philip Lowe has been awarded the Bertebos Prize for his significant contributions to sustainable rural development and land use management.

RELU investigates the social, economic, environmental and technological challenges faced by rural areas. The programme is a collaboration between the ESRC, BBSRC and NERC.



The Bertebos Prize is distributed by the Royal Swedish Academy of Agriculture and Forestry every second year for outstanding contributions to the research areas of food, agriculture, ecology or animal health. The Prize of 300,000 Swedish krona and a diploma were presented to Professor Lowe by the King of Sweden, Patron of the Academy, in Stockholm.



## European research probing European issues

As the impacts of the economic crisis continue to reverberate across European society, European social scientists are working together to investigate urgent economic and social issues, and expand understanding of complex social processes and individual behaviour.

A partnership of four European national research funding agencies – the Agence Nationale de la Recherche (ANR), Deutsche Forschungsgemeinschaft (DFG), the ESRC, and the Netherlands Organisation for Scientific Research (NWO) – under the Open Research Area Scheme (ORA), will provide €9 million to fund ten collaborative research projects over the next three years.

The social sciences play a key role in understanding behaviours and how those behaviours influence education and skills, health, wellbeing, economics and politics. The research we fund informs public policies, helping make businesses, voluntary bodies and other organisations more effective. We are committed to funding the best research across our many schemes and investments and to maximising the impact that the research makes.



## Maximising Impact



## Delivering Impact

Maximising the benefits of our investment in social science is central to our *Strategic Plan 2009-14*. Our strategy is to fund research that is vigorous, authoritative, independent, high-quality and relevant, and that has economic and social benefits.

We measure success through the five objectives: impact through excellent social science research; impact through enhanced national capability; impact through better national data infrastructure; impact through partnerships; and impact through international leadership.

With our *Delivery Plan 2011-15* we sharpened our focus around three priorities: Economic Performance and Sustainable Growth; Influencing Behaviour and Informing Interventions; and A Vibrant and Fair Society.

These priorities encapsulate the big issues for Britain, the wider world and for social science, and guide our work towards maximising the impact from existing research, resources and training investments. They are related to the Research Councils UK (RCUK) cross-Council programmes and, as they are interdisciplinary in nature, much of the work is funded jointly with other research councils or other partner organisations.

We recently completed our annual review of progress under each of our three strategic priorities. The review shows that we have

made good progress in addressing many of the key themes under each of the priorities through the 2011/12 Centres and Large Grants competition and other research initiatives. We have also extended the infrastructure that supports research and increased capacity for new research through our Doctoral Training Centres.

While new centres and grants have started others have come to an end, meaning we need to fill emerging gaps whilst also responding flexibly to new research areas identified through discussions with the social science community in the UK and with funding agencies overseas. Through this review and discussions we have identified a number of areas under each of the current three strategic priorities where we intend to fund research activities over the next 24 months.

Creating, assessing and communicating impact remains central to all our activities. The following pages demonstrate the breadth and impact of the research we fund through our five impact objectives.

# Impact Through World-Class Social Science Research

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During 2012/13 we have continued to support the very best research and to maximise its impact on our society.

Our funding opportunities are competitive and only those proposals judged by experts to be of the highest scientific quality are supported.

We have refreshed our efforts to promote truly innovative research through piloting a new Transformative Research Scheme whilst increasing the level of investment in our Research Grants scheme. Our continued collaboration in the multi-million pound cross-Council programmes has further consolidated our commitment to interdisciplinarity. We have invested over £35 million in a record number of ten new Centres and Large Grants on subjects ranging from business enterprise through to ethnic diversity. These will drive forward world-class research and fuel future impact.

We continue to drive social science research in new and ambitious directions. For example, in March 2013 we announced that we have doubled the funding cap from £5 million to £10 million for any new Centre in the 2013/14 Centres and Large Grants competition.

## Research Support Mechanisms

We support research through a number of mechanisms. These can be categorised as either:

- **Responsive funding:** This allows individuals and research teams to put forward research proposals in any area within the ESRC's remit without needing to fit within a particular set of priorities.
- **Directive funding:** This enables us to support new work within our strategic priorities by inviting proposals against a specific research brief and topic area. In practice, this is not an absolute distinction and many of our funding schemes will contain both responsive and directive elements.

During 2012/13 the ESRC spent £193 million of its gross budget on supporting research. Below we identify some of this year's highlights in terms of addressing our priorities, funding work of the highest quality and ensuring that it creates new knowledge with clear benefits for society.

## Responsive research

We are committed to providing a range of funding opportunities at all stages of the research career – from PhD through to professor. To help the most promising new researchers gain

their first major grant we launched our new Future Research Leaders scheme, aimed at those who had completed their PhD within the last four years, and we made 54 awards across the full span of the social science research base. At the other end of the career ladder, we also ran another round of our Professorial Fellowship scheme and were able to add a further eight of the UK's leading social scientists to our current family of 17 fellows.

Our Research Grants scheme continues to be important in capturing and funding the very best ideas arising from the social science community by allowing researchers at any stage of their academic career to put forward ideas for new research projects. Last year we increased the funding range of the scheme from £200,000 to £2 million, although we have yet to see an increase in the average size of applications or grants made. We encourage applicants to think of innovative and ambitious multi-stream 'programmes' of work under the scheme, including researchers from a range of career stages and from different disciplines.

Success rates in the Research Grants scheme are now rising. After a period where rates plummeted to as low as 11 per cent, they have now risen to 35 per cent, in part because we have committed additional funding to the scheme but also because application volume has decreased. This shows the effects of our demand management strategy, with HEIs now systematically quality assuring their applications and filtering out those which are not ready for submission. We would encourage HEIs to continue to develop their demand management strategies as this means academics and administrators in both HEIs and the ESRC have been able to focus efforts on processing and peer-reviewing a smaller number of good quality applications, rather than spending time on poor quality proposals which have no chance of being funded.

## Transformative research

We have always encouraged innovation across all our schemes both within the social sciences and where they cross over other scientific domains. To give this commitment further impetus we launched a new Transformative Research Scheme in November 2012. The scheme aims to fund pioneering theoretical and methodological innovation, the novel application of theory and methods in new contexts, and/or research based on the engagement of unusual disciplinary and interdisciplinary perspectives. After a novel 'pitch to peers' assessment process, 20 new awards were funded offering a wide array of exciting new approaches drawn from within and beyond social science.

## Directed research

Our *Delivery Plan 2011-15* identifies three strategic priority areas within which the ESRC will focus its activities and new strategic funding. This enables us to address some of the most pressing and difficult scientific and policy questions facing both the UK and the wider international community.

## Success Rates

Call	Proposals	Funded	Success Rate
Research (Standard Grants)	315	84	27%
<b>Total value of awards (ESRC funding)</b>	<b>–</b>	<b>–</b>	<b>£28,677,603</b>

## Success Rates by Region

Region	Proposals	Funded	Value of Awards (ESRC funding)	Success Rate
England	266	73	£24,933,499	27%
Northern Ireland	4	1	£319,271	25%
Scotland	32	6	£1,926,252	19%
Wales	13	4	£1,498,581	31%
<b>Research (Standard) Grants</b>	<b>315</b>	<b>84</b>	<b>£28,677,603</b>	

Note: Data include all Research (Standard) Grant proposals processed to a funding decision in Financial Year 2012/13. The Small Grants responsive mode call was closed to new proposals on 1 February 2011. Five Small Grants proposals were processed to a successful funding decision in this Financial Year at a total (ESRC funding) value of £382,847.

The priorities also map closely onto the RCUK cross-Council programmes, all of which have a significant social science component, and the wider public policy agenda.

The three strategic priorities are:

- Economic Performance and Sustainable Growth
- Influencing Behaviour and Informing Interventions
- A Vibrant and Fair Society

We address these priorities by investing in large-scale activities such as centres and programmes; developing new capacity and infrastructure; and supporting the co-production and exchange of research knowledge to maximise impact. Most of these challenges are interdisciplinary in nature and much of the work is funded jointly with other research councils or other partner organisations that share our values of quality, impact and independence.

### Future of UK and Scotland

With a referendum on Scottish Independence due to be held in 2014, we appointed seven one-year senior fellowships with overall funding of £1.3 million. The ESRC Scotland Senior Fellowships will provide evidence and analysis across the

broad range of issues and policy areas affected by the Scotland independence debate and the longer term future of the UK and Scotland.

The scheme forms part of a programme of work to both inform the debate on the future of Scotland and the UK in the run-up to the referendum and assist in planning across a wide range of areas which will be affected by the outcome of the vote, whether for independence or the Union. These include voting, culture and identity, business intelligence, fiscal and monetary policy, policy development, building of new constitutional arrangements, and defence and administrative practice.

The most recent Centres and Large Grants competition greatly strengthened our research portfolio under a number of the priorities. Nearly £30 million will be invested in eight new centres and large grants covering a range of subjects, which are: the impact of welfare; understanding human behaviour, including behaviour change and decision-making; dynamics of ethnic identity and relations; the use and manipulation of language in society; applying quantitative methods to complex social issues; and the global economic crisis and risks to the UK's financial system.

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Alongside these new investments, we have funded research on our priorities through collaborations with other Research Councils and public, civil society and private organisations. Major new initiatives include:

#### Tax Administration Research Centre

In partnership with Her Majesty's Revenue and Customs and Her Majesty's Treasury, the ESRC co-funded the new £2-million Tax Administration Research Centre (TARC). Launched on 1 January 2013, and based at the University of Exeter and the Institute for Fiscal Studies, TARC will pursue a multidisciplinary research programme, engaging with tax administrations, the media and researchers to produce and share research on tax policies and administration throughout the policy and academic worlds.

#### Enterprise Research Centre

The ESRC commissioned the new Enterprise Research Centre (ERC) during 2012/13, in partnership with the Department for Business, Innovation and Skills (BIS), the Technology Strategy Board (TSB) and the British Bankers' Association (on behalf of the Royal Bank of Scotland, HSBC, Barclays, Lloyds TSB and the Bank of Scotland). Launched on 1 January 2013, the ERC is based at Warwick and Aston Universities and will exploit and develop existing knowledge and data to strengthen the links between evidence and practice. It will inform government policy and business practice for small and medium-sized enterprises (SMEs) in the UK and is anticipated to become a national and international focal point for research, knowledge and expertise on small and medium-sized businesses.

#### Dementia initiative

The ESRC/National Institute for Health Research (NIHR) call for research on dementia highlights the importance of research being relevant to people's lives and stresses the involvement of patients and the public in the development of research ideas, involvement in the research once underway and in assessing and reviewing research proposals. Members of the public with experience or understanding of dementia – including those with a diagnosis of dementia, their carers, family and friends – have acted as assessors and peer reviewers for the research proposals received through the call, along with academics and wider, non-academic users of research. This gives funders a 'first-hand experience' perspective on the research applications.

#### Cross-Council Programmes

We have also collaborated through the multi-million pound cross Council interdisciplinary programmes which have provided a springboard for integrating social science into a wide range of major multidisciplinary research challenges. The six programmes cover an ambitious canvas, and are:

- Digital Economy
- Energy
- Global Food Security
- Global Uncertainties

- Lifelong Health and Wellbeing
- Living With Environmental Change

We have made major contributions to all of these programmes, with two particular highlights during 2012/13:

#### Digital Economy

The RCUK Digital Economy Theme funded eight proposals in early 2013 as part of a call for New Economic Models in the Digital Economy. The objective is to build research collaboration between the Digital Economy Theme and the research communities in economics and management while supporting transformative, cross-disciplinary research. The jointly funded EPSRC and ESRC call responds to a lack of capability and capacity in this area and invested £6.6 million in eight projects focused on new business models or adapting existing ones, spanning the internet of things, digital gaming, the use of big data and consent to data sharing.

#### Global Uncertainties Science and Security Programme

The ESRC, AHRC and the Defence Science Technology Laboratory (Dstl) Futures and Innovation Domain, under the title of the Science and Security Programme, co-funded and commissioned nine new research projects and a Research Integrator to develop greater understanding of how developments in science and technology present opportunities and threats to future UK Defence and Security. The research commissioned is particularly focused on:

- How the risks to defence and security that emerge from future developments in science and technology can be better assessed and addressed; and
- The influence of cultural, historical, ethical, economic and societal factors on how science and technology is developed and used in future to present opportunities and threats for defence and security.

The total funding for the Science and Security Programme is £2.1 million and the awards are fully commissioned and badged to the Global Uncertainties Programme.

#### Lifelong Health and Wellbeing

The ESRC and the Medical Research Council (MRC) launched a call under the Lifelong Health and Wellbeing programme for proposals in the area of Extending Working Lives where there is an opportunity for the research councils to support interdisciplinary and cross-sector research that will directly benefit employers and employees and inform future practice and policies. Abolition of the default retirement age and the recent linking of state pension age to rising life expectancy means there is a growing proportion of the UK workforce over 50 years of age. Because of these unprecedented demographic changes in the workplace, there are mounting social and economic drivers to understand determinants of a healthy ageing workforce.



The ESRC and MRC hosted a three-day workshop designed to build partnerships between academia and public or private sector employers with the aim of developing and/or evaluating effective interventions that encourage workforce participation, health and wellbeing in older workers. The resulting applications, now being developed into full proposals, involve a total of 38 non-academic partner organisations, including 14 large private sector employers. Projects are also using a wide range of international datasets for secondary data analysis and forging international academic collaborations.

#### **RELU**

Rural areas in the UK are experiencing a period of considerable change. The Rural Economy and Land Use (RELU) Programme aimed to advance understanding of the challenges caused by this change today and in the future. Interdisciplinary research was funded between 2004 and 2013 to inform policy and practice on the choices of how to manage the countryside and rural economies.

The RELU Programme enabled researchers to work together to investigate the social, economic, environmental and technological challenges faced by rural areas. This £25-million partnership was led by the ESRC, and co-funded by BBSRC, NERC, Defra and the Scottish Government.

RELU has largely been heralded as an excellent example of best practice in interdisciplinary working between the social and natural sciences, and continues to produce a policy and practice notes series that has received significant political attention.

#### **Evaluation – demonstrating academic impact**

During 2012, we commissioned ten independent evaluations of major investments and schemes, and continued to develop evidence of the economic and societal impact of social science,

with studies focused on evaluating the impact from two of our major surveys, and impact on business.

Evaluations have provided assessments of the academic quality and wider impact of a range of our research, including major initiatives on lifestyles and the environment, social interactions and bilingualism, as well as reviewing the successes and limitations of some of our funding mechanisms, including Follow-on Funding and Ventures.

We also completed the evaluation of 291 individual projects. The results demonstrate both the high quality and significant impact of ESRC research, with 92 per cent of all research projects being graded 'Good' or higher – indicating work of international quality and substantial impact – through an independent peer review process.

In recent years, the ESRC has sponsored a series of reviews in partnership with professional associations to benchmark the international quality of UK social science disciplines. The sixth review in the series, an assessment of UK human geography, was completed this year in partnership with the Royal Geographical Society (with the Institute of British Geographers) and the AHRC. The review panel of leading international experts concluded that UK human geography ranks first in the world, and is an empirically and conceptually innovative discipline, which in many areas sets the intellectual agenda.

# Impact Through Skilled People

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The development of the social science skills base is a priority for the ESRC. Our aim is to raise the quality of both postgraduate training and research career development across the social sciences. We continue to be the largest single funder of social science postgraduate training in the UK, and have invested more than £50 million during the past year to support 2,500 PhD students, and to create a range of career development opportunities for researchers.

## **Delivering excellence in doctoral training**

This year has seen the second cohort of PhD students start their training across our network of 21 Doctoral Training Centres (DTCs). The DTCs were commissioned in 2010/11 under our new Postgraduate Training Framework. They are major centres of excellence which cover the full disciplinary range of the social sciences, and also promote interdisciplinary research. Some of the DTCs are based within single institutions, and some across consortia and we work closely with all our DTCs to develop innovative approaches to the content and delivery of postgraduate training for the benefit of UK society and economy.

One way of doing this is through partnerships and people exchange and we have set a target that 20 per cent of studentships should include a collaborative element which involves a user organisation in the public, private or civil society sector. This could include taking part in our own internships scheme described below or through the initiatives of DTCs such as their own internships, or their version of the former Collaborative Awards in Science and Engineering (CASE) scheme, working in partnership with user organisations to co-develop innovative PhD projects.

Alongside the core training provided for ESRC-funded PhD students in our DTCs, we have opened up a range of advanced training courses, via the National Centre for Research Methods (NCRM) Portal. These courses are open to all UK social science postgraduates (whether or not ESRC-funded), both at their own institutions and others, at a maximum cost of £30 per day. The courses offer participants the opportunity to access high-quality advanced training in their own discipline, a specific research method or technique, or in a different area of research. This provision is currently being evaluated, and work is underway to increase both the number and range of courses available in different regions of the UK in the near future.

Alongside their academic training, ESRC-funded DTC students are encouraged to participate in activities such as student conferences, internships in public, private and civil society organisations, and overseas visits. Our internship scheme has grown in popularity over the past year, with 51 students completing placements within a non-academic host organisation in the public, private or third sectors. Students work on specific projects involved with public or organisational policy and hosts have included the Department for Business, Innovation and Skills, the British Library, the Law Commission, the Scottish Government and the British Heart Foundation. In 2012 we also made 27 awards under our Overseas Institutional Visits scheme, to enable students to establish international research networks, disseminate early research findings, take part in seminars and other academic activities, and undertake specialist training that is not available in the UK.

## **International partnerships**

This year we ran a new style of international partnership scheme – PhD Partnering – for our PhD students at our DTCs. Recognising the findings of the report *Doctoral Mobility in the Social Sciences: Report to the NORFACE ERA Network*, by Louise Ackers et al, we designed the scheme to do more than allow one-off exchange visits: PhD Partnering is based around the philosophy that sustainable partnerships early in the research career need more than a single visit between individual students; they also need to build upon relationships with supervisors and the institutional strategies of the universities involved.

Our scheme to encourage these reciprocal, sustainable, strategic linkages between our DTCs and developing and emerging centres of social science excellence overseas has now funded 79 partnerships with 30 countries. Eighteen of these were in partnership with China, nine with countries in Latin America, and 14 with India. Following David Willetts' announcement of UK-India Education and Research Initiative (UKIERI) co-funding for the Indian element of our scheme, we welcomed additional funding from the Indian Council for Social Science Research (ICSSR).

## Developing a cohort

We see our PhD students as the researchers of the future, and are keen that they feel part of a cohort. Our student conferences have been instrumental in developing shared knowledge and experience. The ESRC is providing funding for ten conferences over a five-year period – five of which are aimed at first-year, and five at final-year students – and each will be hosted by one of the DTCs. In the past year, conferences have been hosted by the Birmingham DTC (in July 2012) for final year students, and Sussex DTC (in September 2012) and LSE DTC (in February 2013) for first years. Final-year conferences include sessions on research evidence and policy, funding opportunities, writing and assessing applications for funding, and careers advice. The conferences include past and present students as speakers alongside top academics and ESRC staff, and all our conferences have been enthusiastically received, with the opportunity for networking outside of students' own institutions particularly valued.

## Maintaining the health of the social sciences and developing capacity in crucial areas

In total, we provided funding for 612 studentships during 2012, and the DTCs have leveraged additional funding from elsewhere to increase the size of this new intake to 753. In allocating studentships to our DTCs, we have balanced the desire to allow as much flexibility as possible to recruit the best students, with the need to build capacity across the social science. We have identified specific areas as a particular priority, such as Advanced Quantitative Methods (AQM), Economics, Management and Business, Language-Based Area Studies and Interdisciplinary Studies. To this end, DTCs identified as having particular strengths in these disciplines have been set a target for the number of students they must support in these areas, and in all cases this target has been exceeded. To further encourage top-quality applicants to study AQM and Economics to PhD level and beyond, we have opened up eligibility to international students, and offer an enhanced stipend in these disciplines.

## Knowledge Transfer Partnerships

The Knowledge Transfer Partnership (KTP) programme enables organisations across the public and private sectors, and civil society, to improve their competitiveness and productivity by accessing the knowledge and skills within the UK's world-leading research base. In 2012/13 the UK Research Councils harmonised our KTP funding criteria and the ESRC maintained its position as the second largest Research Council funder of KTPs. This year we supported 24 new KTPs, and provided ongoing support to 49 existing partnerships.

The ESRC runs an annual competition for the most effective ESRC-funded KTP to recognise the enormous value the application of social science can have. This year's winner was

Harriet Knowles, the University of Plymouth and Falmouth Harbour Commissioners. Harriet's KTP helped Falmouth Harbour Commissioners develop the knowledge and expertise they needed to identify and understand potential environmental and socio-economic impacts on the harbour; their business, and the region. The partnership had a considerable financial impact, and looked at opportunities to develop facilities and increase leisure use of the harbour, taking into account potential environmental impacts.

The KTP also enabled Falmouth Harbour to identify issues earlier and communicate more effectively with campaign groups and regulatory bodies, making them aware of wider socio-economic and environmental issues and mitigating some of the risks associated with their business.

Previous ESRC-funded KTP awards continue to benefit the partners they brought together. Researchers from the University of Salford worked in partnership with Moneyline to help tackle the financial exclusion of low-income groups, and to reduce the risk of bad debts. The project developed a risk assessment framework and increasing awareness of social factors influencing client payment. This has now been recognised for delivering wider access to affordable finance for more people. A case study video of this partnership can be found on the ESRC website.



## Investing in future leaders

Our Future Research Leaders Scheme, which was launched in June 2011, has two aims; to partner with host institutions to enable outstanding early researchers to acquire the skills to become the future world leaders in their field, and to fund an excellent research project. The scheme is open to high-quality candidates from anywhere in the world who have a maximum of four years' post-doctoral experience and the support of an eligible UK research organisation, and provides funding for activities including a research project, and skills development for research and knowledge exchange. A total of 54 awards were funded in 2012.

# Impact Through World-Class Infrastructure

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More than 40 years of placing data and the methods at the core of ESRC strategy is creating exciting opportunities for social sciences in the new ‘open data’ era.

## World-leading infrastructure

The UK has a unique, world-leading collection of longitudinal studies which follow life trajectories of families and individuals. Most recently, investment in the Life Study brings together social, economic and biological measures to deepen our understanding of health and development in early childhood.

This ground-breaking study, developed in close collaboration with the Medical Research Council (MRC), will track the growth, development, health, wellbeing and social circumstances of over 100,000 UK babies and their families. The collection of both socio-economic and biomedical data will allow the critical interplay between ‘gene-environment’ interactions and their impact on child development to be explored on an unprecedented scale in the UK. The Life Study pilot is due to start in 2013 and recruitment of women participants in the Study will start soon.

The new Life Study adds to the suite of internationally renowned birth cohort studies. The three ESRC-funded birth cohort studies: the 1958 National Child Development Study, the 1970 British Cohort Study, and Millennium Cohort Study, each follow thousands of participants through their lives, collecting data from and about them, to enable research that develops our understanding of social change and the factors that influence it. The Millennium Cohort Study provided evidence to the Field Review on Poverty and Life Chances to trace the links between poverty and child development, and considered whether a particular set of life indicators was suitable for measuring life chances, feeding into the development of current child poverty strategy.

Research carried out using data from the cohort studies continues to contribute to scientific, methodological and policy discussions, and this year the value of cohort data has been further enhanced by linking to both the English and Welsh National Pupil Databases to inform research and policy-commissioned reports on, for example, child outcomes.

The world’s largest household panel study, Understanding Society, continues to grow in importance and to demonstrate the value of transformative social science research. The study tracks the socio-economic circumstances and attitudes of individuals in

almost 40,000 British households and is being further enhanced by the analysis of biological samples collected through the study. The data from these samples will be available in the coming years to further expand the high-quality social science and interdisciplinary research.

*Understanding Society: Findings 2012* was published, drawing on data from Wave One and Wave Two of the study, as well as data from the first two waves of the Innovation Panel. The findings cover a wide range of topics and issues, from the social support of family and friends, to the mobility of immigrants after arrival in the UK, and the social background of those participating in higher education. The study data have already had impacts beyond academia, by policymakers in the calculation of four-year persistent poverty rates, and by a national charity looking at the circumstances of adults with visual impairment.

The use, value and impact of these studies, and other ESRC- and MRC-funded longitudinal studies, are being strengthened by a unique new resource, the Cohort and Longitudinal Studies Enhancement Resources (CLOSER). This national centre of excellence, launched in 2012, brings together nine longitudinal studies that span more than a century of social and cultural change in Britain – from before the First World War to the present. By strengthening the links between these studies we will be able to make much better use of the rich and detailed data on people’s lives, and work is already underway to draw out best practice to share across the studies and wider research community.

The ESRC has also continued to invest in the European Social Survey (ESS), which provides critical comparative data on changing social, economic and political attitudes, beliefs and behaviour patterns of Europe’s diverse populations. The ESS findings shed light on key issues across 30 European countries including political trust, immigration, justice, welfare provision and education. The number of ESS users across the world continues to grow and exceeds 40,000, and data from all five rounds are freely available to anyone from the ESS Data Archive. In recent years the ESS has been selected as one of only three European social science projects eligible to be funded over the long term as a European Research Infrastructure Consortium (ERIC) and this year was awarded ERIC status.

## Maximising data access and analysis

Maximising access to social and economic data is a priority for the ESRC – it enables social scientists, policymakers and practitioners to answer some of the most pressing questions facing our economy and society. We have established a new data service building on the success of our previous investments to ensure our investment in this key area addresses the current and future research demands of both academic and non-academic users, and helps them to maximise the impact of their work. This new resource, the UK Data Service (UKDS), became operational



on 1 October 2012 and unifies, integrates and streamlines previous ESRC investments in the Economic and Social Data Service (ESDS), the Secure Data Service (SDS), the Survey Question Bank and elements of the ESRC Census Programme.

The UKDS provides access to over 5,000 datasets, now including, for example, the full Wave Two Understanding Society data. The service also has 25,000 active registered users but the number of unregistered users who use resources from the website is many times greater. An economic evaluation of the ESDS, which reported in March 2012, concluded that the service generates economic impact and provides other generic benefits to a wide and varied user community. It concluded that the ESDS provides exceptional value for money for the ESRC with a minimum Net Economic Value of more than five times the operational costs, and that this level of return on investment is higher than any comparable service.

Some research data are more sensitive than others and therefore it is a top priority for the ESRC to provide safe and secure access to sensitive data, whilst protecting the disclosure of personal identifiers. This is why we have enhanced the capability of the secure access facility of the UKDS by constructing, equipping and implementing a national secure data centre as part of the ESRC's infrastructure at the University of Essex. Users can now remotely access a range of business microdata and social surveys previously available only in safe settings. Expansion of the secure data collection is a priority for the UKDS and it is involved in discussions with a number of government departments and other data providers.

The ESRC supports the UK Data Forum to ensure the delivery of a coherent and robust national data infrastructure. The forum brings together stakeholders from the public and private sectors and civil society to provide strategic development and maintenance of a co-ordinated national data infrastructure for UK social and economic research. The UK Data Forum will soon publish the latest version of the *UK Strategy for Data Resources for Social and Economic Research 2013-2018*. This Strategy sets out priorities and actions for the development of research data resources both within the social sciences and at the boundaries between the social sciences and other areas of scientific enquiry.

The challenge to make effective use of data resources in the rapidly changing data landscape provides exciting new opportunities to contribute to the growth and data transparency agendas, as well as providing key insights into social processes. Enabling increased access to and use of administrative data is at the forefront of those opportunities. In 2012 the discussions of the Administrative Data Taskforce (ADT) brought together policymakers, academic experts, funders and representatives from across the UK to examine the best procedures and mechanisms to unlock the potential of these data. The recommendations were published in December 2012 and propose an ambitious new infrastructure, the Administrative Data Research Network – a collaboration that would reach across the UK to facilitate research based upon linked administrative data.

The ESRC is also committed to making the most of its investments and to widen the use of the UK data infrastructure as a whole. Following the success of the first phase of the

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Secondary Data Analysis Initiative, phase two will shortly be commissioned and offer further opportunities for researchers to exploit and extend the impact of a wide variety of data resources. Fifty-eight projects are underway, exploring issues such as 'Impact of the financial crisis on UK company performance' and 'Fathers, work and families in twenty-first century Britain: beyond the breadwinner model?'

#### Leading-edge research methods

The ESRC continues to invest in cutting-edge research methods and training to enable researchers to link and integrate data, and to develop new statistical analysis techniques for exploiting data resources.

The National Centre for Research Methods (NCRM) has provided a strategic focal point for ESRC investment in research methods, co-ordinating an innovative research agenda alongside capacity-building activities that offer training bursaries and specialist seminars, as well as running the 2012 ESRC Research Methods Festival. Following publication of the review of the NCRM in 2012, the ESRC has committed to maintain that investment through the re-commissioning of the NCRM, and ensuring that it takes a leading role in the development of the UK's world-class data infrastructure, funding ground-breaking methodological tools and techniques and enhancing investment in training and capacity-building.

The ESRC has also supported methodological innovation and advances through the Digital Social Research (DSR) programme. This has led to the development of software such as 'LifeGuide' which enables other researchers to create interactive internet-based intervention programmes to support behavioural change and is being used in intervention programmes to quit smoking or manage weight loss. From 2013 the DSR programme will be embedded into the wider methods agenda. The ESRC also invested in 12 Methodological Innovation Projects. These will develop and apply innovative methodological approaches in strategically important areas and identify gaps such as survey methods, administrative/linked data, social media analysis tools and biosocial data methods.

Methodological innovation is also being driven through our investment in our longitudinal studies. The Understanding Society Innovation Panel continues to be central to the ESRC's ambitions to innovate in survey methodology and contributions have been made on the effects of incentives on participation, measures of change, and the measurement of cognitive functioning. Methodological developments in surveying children and young people are also being informed by the experience and development work undertaken by the Centre for Longitudinal Studies, which is also trialling the use of mixed methods of data collection for the next wave of the National Child Development Study.



# Impact Through International Leadership

International working is critical to everything we do. Global business, movement of people and technological developments mean countries are becoming increasingly interdependent. Many of the threats we face are global. We need to collaborate to improve the world's capacity to address these issues.

The ESRC has continued to enable international collaboration in economic and social research through a number of our own schemes and also through partnering with research funders abroad to leverage funding and expertise. We also work to ensure that UK researchers are best placed to respond to overseas opportunities – contributing to the global research agenda.

## [Broadening European collaboration with China and North America](#)

The ESRC works with European partners to broaden our collaboration further to partners outside of Europe. Recent successes have been through expanding our collaborative schemes with partners both in China and North America.

This year the ESRC contributed to the Joint Call for Research Applications (JCRA), a joint research programme with funders in seven countries in Europe and Canada. The JCRA sought multidisciplinary proposals aimed at supporting healthy ageing that would include researchers from three or more participating countries. Four out of six projects funded under this programme had UK social science applicants and are funded by the ESRC. These ESRC-funded projects cover a diverse range of issues including continence, retirement, ambient assisted living and long-term residential care. One of the funded projects, led by Jennifer Head from the UK, brings together five European countries to investigate the impact of work and retirement on active and healthy ageing, using cohort and longitudinal data from those countries.

Other recent initiatives include expanding the ESRC's flagship Open Research Area in Europe for the Social Sciences to include partners from the US and joint thematic workshops between European partners and China.

Building on the success of the ESRC's flagship Open Research Area in Europe for the Social Sciences, where ten research projects were funded in a call launched in 2011, in the most recent call launched in 2012 the ESRC welcomed colleagues from the US. The latest call for the Open Research Area is a



partnership between the ESRC and its counterparts in France, Agence Nationale de la Recherche (ANR), the Netherlands, Nederlands Organisatie voor Wetenschappelijk Onderzoek (NWO), Germany, Deutsche Forschungsgemeinschaft (DFG), and the US, National Science Foundation (NSF). The call provides over 20 million Euros in research funding for integrated projects by researchers coming from at least three of the five participating countries. The ORA is managed collaboratively by the five participating agencies and is becoming viewed as the leading model for how national funders can work together to realise the European Research Area.

The ESRC, ANR, NWO and DFG have also worked with the National Natural Science Foundation of China (NSFC) to deliver two workshops in the areas of 'green economy' and 'Understanding population change'. These workshops were used to consult over 60 leading international experts on priority areas for collaborative research and the outputs of these workshops will form the basis of discussions between agencies for a collaborative research call.

## [Training](#)

This year we ran a new style of international partnership scheme – PhD Partnering – for our PhD students at our Doctoral Training Centres (DTCs). See page 22 for more information.

## [Networking](#)

The ESRC's International Partnership and Networking Scheme (IPNS) replaced several previous schemes to provide funding for a range of activities to forge and develop sustainable international research collaborations. Seventeen awards were made and announced in spring 2012, with networks and partnerships between many countries including China, India, the US, Canada, South Africa and Australia, as well as a number of European countries. The awards provide invaluable opportunities for researchers at all stages of their careers to build multi- and interdisciplinary partnerships which will stand the test of time and enable joint research agendas, and possibly even proposals, to be developed.



## Europe

The ESRC hosts the UK National Contact Points (NCPs) for the European Seventh Framework Programme's Socio-economic Sciences and Humanities (SSH) and Science in Society (SiS) themes. During June 2012, the NCPs held a series of joint regional information events aimed at researchers and research administrators to promote the 2013 Work Programmes, encourage UK participation in the Framework Programme and provide advice and guidance on submitting successful proposals. The UK social science community has enjoyed continued success in its efforts to gain European funding through the Framework Programme. The most recent available results reporting projects funded under the 2012 Work Programmes indicate that the UK has more SSH and SiS participants than any other country and commands the highest share of the overall budgets for each theme. UK social scientists have also enjoyed continued success in proposals submitted to the European Research Council's Starting and Advanced Grants calls. In 2012, the Social Sciences and Humanities panels resulted in 33 per cent of Starting Grants and 35 per cent of Advanced Grants being awarded to researchers at UK institutions.

The ESRC remains committed to helping achieve the aims of the Europe 2020 Strategy, in particular the implementation of Horizon 2020 and the delivery of the European Research Area.

We continue to liaise closely with the Department for Business, Innovation and Skills and the European Commission to ensure the inclusion of social science in Horizon 2020, particularly ensuring that the challenge texts address issues of relevance to the UK. As a full partner in the ERA-NET, New Opportunities for Research Agency Cooperation in Europe (NORFACE), the ESRC is participating in the Welfare State Futures programme which aims to rethink the welfare state through innovative multidisciplinary research. Projects funded under the Welfare State Futures Programme will be announced in July 2014.

## Developing World

### DFID-ESRC Growth Research Programme

This joint programme funds world-class scientific research on issues relating to inclusive economic growth in Low-Income Countries (LICs) with high potential for impact on policy and practice.

Building on the success of the first call for proposals in 2011 under which 18 grants were funded, the ESRC and the Department for International Development (DFID) launched a second call to foster research that addresses one or more of the following thematic focus areas: Agriculture and Growth; Finance Sector Development and Growth; Innovation and Productivity Growth in Low-Income Countries.

## ESRC-DFID Joint Fund for Poverty Alleviation Research

The ESRC-DFID Joint Fund for Poverty Alleviation Research's overall goal is to provide a robust conceptual and empirical basis for development and to enhance the quality and impact of social science research which can contribute to the achievement of human development objectives. Since its inception in 2005, the partnership has funded 101 research projects on issues relating to economic, social and policy development in less-developed countries, with the potential for impact on policy and practice for poverty reduction.

The third phase of funding is now underway. It retains the strong emphasis from past phases on co-production of knowledge, partnerships between researchers in the Global North and the Global South, and research impact. Phase 3 will fund three annual small-to-medium grant calls, three Programmes in specified areas related to poverty alleviation and international development, annual calls for innovative high-risk/high-reward grants through the scheme's Development Frontiers Fund, and a range of impact-related activities, including a pilot scheme for existing grant holders on Impact and Engagement.

## Hong Kong

The ESRC continued its partnership with the Research Grants Council of Hong Kong (RGC), funding eight integrated, collaborative research projects. One of these, jointly led by Dr Linda Hargreaves, University of Cambridge and Professor Peter Kutnick, Hong Kong University, will carry out cutting-edge research on primary mathematics education in Hong Kong and England. The project includes the creation of a 'community of practice' between teachers from both locations. Another project, jointly led by sociologists Professor Caroline Knowles, Goldsmiths College and Dr Wing Chung Ho, City University of Hong Kong, investigates migration traffic generated by young graduate migrants moving back and forth between London, Hong Kong and Beijing. The policy implications for each jurisdiction will be disseminated at high-profile receptions in all three cities.

## Brazil

Since 2009 the ESRC and the State of São Paulo Research Foundation (FAPESP) have agreed a memorandum of understanding to promote collaborative research in areas of mutual interest, creating opportunities for scientific co-operation between scientific communities in the UK and Brazil. The ESRC-FAPESP bilateral agreement aims to broaden and improve our research collaborations with Latin America. In 2013 we have awarded the first successful application under the ESRC-FAPESP bilateral agreement providing the opportunity for cross-cultural research within the social sciences. The project will examine and compare the prevalence and cultural construction of intimate partner violence perpetration by males in substance abuse treatment in London and São Paulo.

## Major International Investments\* 2012/13

Scheme	Number of awards	ESRC Contribution
ESRC-DFID Joint Scheme for Research on International Development – Poverty (Phase 2, Call 3)	18	£6,805,926
Open Research Area in Europe for the Social Sciences (Call 2)**	8	£2,920,075
International Partnership and Networking Scheme	17	£432,866
PhD Partnering Initiative***	17	£713,834
Joint Call for Research Applications 'Active and Healthy Ageing Across the Life Course' (ERA-AGE)**	4	£476,655
ESRC-Research Grants Council of Hong Kong (RGC) Bilateral (Call 4)	8	£803,121

\*Total value of grants awarded

\*\*Total awards which include UK applicants

\*\*\*Total awards made to individual ESRC Doctoral Training Centres

# Impact Through Partnerships

ESRC partnerships with non-academic organisations enable the flow of research findings into policy and practice, and allow us to leverage additional investment. They also help our academic community shape research activity in new ways and access new research materials, like data. Public engagement and communications are key to demonstrating the impact of their research findings.

Our Knowledge Exchange Opportunities Scheme (KE Opps) is now open to applications for any knowledge exchange activity, including Follow-on Funding, and welcomes applications for single and combined activities to share knowledge and build impact. This can include applied, user-led research, and placement fellowships, with academics working in partner organisations or non-academics working in Research Organisations. KE Opps requires 50/50 co-funding (in cash or in-kind) from a partner organisation and is now an open scheme, allowing applications at any time.

Wider engagement with the business sector remains a priority and we have continued to progress this over the past year using a range of mechanisms, including collaborative funding initiatives, KE Opps and business networks. This year we also piloted a new mechanism to flexibly support our research investments' engagement with business allowing us to co-fund 14 Co-Investment Pilots, six relevant to the financial services sector, six relevant to the retail sector and two Retail Knowledge Navigators.

## Retail

ESRC research on and with the retail sector plays into all three of our strategic priorities. The ESRC Retail Industry Business Engagement Network (RIBEN) Capacity Building Cluster, funded since 2008, has provided university-based researchers with experience of working on issues of relevance to the retail sector and working with clients from the sector. As well as supporting a range of activities in this space, RIBEN has secured collaboration with a range of project partners including leading industry

retailers such as Sainsbury's, ASDA and Tesco, and engaged SMEs, retail consultancies, local government, and NGOs.

The Co-Investment Pilot projects have facilitated researcher engagement in a number of high profile activities. For example, Professor Neil Wrigley has been appointed as the sole academic member of the Government's new national Future High Streets Forum and Cathy Hart presented her research into the customer experience of UK town centres at the national Portas Event in February 2013.

To consolidate our work in the retail area we funded a Retail Knowledge Navigator and a Retail Data Knowledge Navigator. The Retail Data Knowledge Navigator Team focused on customer insight and store location and has led a programme of retail Masters Student projects undertaking dissertation projects on retail-related issues with ten leading retail stakeholders including Boots, Camelot, Co-Operative, Dixons Retail, Tesco and John Lewis.

The Retail Data Knowledge Navigator Team has also developed the Retail Research Data website to enable insight and store location analysts working in retail organisations to gain easy access to free datasets; and targeted selected companies for larger scale collaboration. In January 2013 the ESRC commissioned the Retail Data Knowledge Navigator Team to undertake a second phase of work: leading the 2013 Retail Masters Student Dissertation Project programme; extending the reach and value of the Retail Research Data website; targeting selected companies for larger scale collaborations; and further supporting our delivery of a wider programme of work around administrative and open data research.

Looking to our future engagement, in February 2013 we launched our £2.5 million ESRC Retail Sector Initiative. This is to consolidate collaborative activities with the private sector in this area and to put into play some of the advice gained from our Navigators. The initiative is for collaborative projects to undertake research and knowledge exchange activities to maximise the impact of social science research on the sector. As part of this initiative we are working with the Technology Strategy Board (TSB) to engage with the 4,000 businesses in its community, and to deliver a programme of retail-themed Knowledge Transfer Partnerships.

## Financial services

The financial services sector remains vitally important to the UK economy, given its size, diversity and the essential services it provides. In 2012/13 the ESRC continued to develop engagement with the sector; working closely with the Financial Services Knowledge Transfer Network, a business network co-funded by the ESRC and the TSB, to bring academic expertise to bear on some of the pressing issues faced by both firms and regulators.

A number of the collaborative research projects involving industry participants initiated last year have begun to bear fruit: many of these have focused on risk, with the delivery of research reports and academic-industry seminars on, for example, the issue of risk culture in the financial services industry and behavioural science and risk perception in the insurance sector.

The ESRC co-funded research by the Institute for Fiscal Studies with the National Association of Pension Funds that examined the outlook for pensions. We also completed a successful series of seminars on gender diversity in the financial services industry that was followed by the publication of a report on the subject in January.

Collaborative work continues on issues including bank liquidity, computer-based trading and private equity funding. New projects initiated during 2012/13 have covered vital issues such as financial market contagion and the structure and regulation of the banking sector and wider financial system. The latter subject was covered by a major conference in the City which the ESRC co-sponsored with the National Institute of Economic and Social Research (NIESR).

#### **UK Innovation and Research Centre**

Our UK Innovation and Research Centre (UK~IRC), co-funded with the TSB, BIS and Nesta, continues to deliver a wide range of activities with policy and practitioner communities. This year, UK~IRC has concentrated on assisting private businesses to access university knowledge and was a major contributor to a House of Commons Science and Technology Committee review.

#### **Enterprise Research Centre**

During 2012/13, and in partnership with BIS, the TSB and the British Bankers' Association (on behalf of the Royal Bank of Scotland, HSBC, Barclays, Lloyds TSB and the Bank of Scotland), the ESRC commissioned the new Enterprise Research Centre. See page 14 for more information.

#### **Tax Administration Research Centre**

In partnership with HMRC and HM Treasury, the ESRC co-funded the new £2-million Tax Administration Research Centre (TARC) based at the University of Exeter and the Institute for Fiscal Studies. See page 12 for more information.

#### **Google**

We ran a data analytics call with Google to showcase how social scientists can use publicly available online data in creative, intellectual and innovative ways.

Six projects have received research funding and will also benefit from mentoring and guidance from Google. The projects will demonstrate the value of social science to data analytics, test social science theory through data analysis, and develop innovations to help integrate analytics and open-source data tools.

#### **Local government**

In addition to our work with the private sector, we continue to support mechanisms to encourage excellent social science that has an impact on the public sector and civil society. For example, the UK funds a huge amount of research that can benefit local authorities and the communities they serve. To help local government access this knowledge, the ESRC, in partnership with the Society of Local Authority Chief Executives and Senior Managers (SOLACE) and the Local Government Association (LGA), is funding a knowledge navigator team that will provide an opportunity for local councils to tap into the UK's existing research base, develop their own research and development capacity, and to exert more influence over future research agendas.

#### **People and ideas exchange**

People are the key component of knowledge exchange; they carry specialist knowledge and experience between the organisations they work with. The ESRC supports people exchange across the research career, from the internships we provide to our PhD students (see page 22), to Placement Fellowships, funded through our KE Opps scheme. In 2012/13, Placement Fellowships included a 12-month Placement fellowship with the Government Equality Office, looking at the role of legislation and alternatives in achieving equality objectives, particularly focusing on improving understanding and awareness of how behavioural change techniques are vital in tackling inequality and discrimination in the UK.

This year we have also funded a reverse-placement which has seen a senior civil servant placed within NIESR to develop mechanisms which will improve the policy impact of academic work in areas of NIESR expertise.

Impacts flowing from previous Placement Fellowships include:

- During his year-long placement with the Department for Energy and Climate Change (DECC) Dr Tim Chatterton developed a guide to behavioural issues for DECC staff developing policies to reduce energy demand. Dr Chatterton's guide presented a range of approaches to understanding behaviour and DECC has used this as a framework for considering behavioural issues in policy development. Dr Chatterton received ESRC knowledge exchange funding to develop his guide into a practical toolkit now being used by DECC and other government departments involved in climate change policy, such as the Department for Transport and Department for Food and Rural Affairs.

- Our series of four linked placement fellowships with the Welsh Assembly Government have now demonstrated how potential savings can be made in the delivery of services in rural areas; resulted in a package of recommendations for Ministers around the data management policies and the possibility of establishing a Wales Longitudinal Study; fed in to UK-wide Administrative Data Taskforce activity, notably around the establishment of National Data Linking Centres issues relating to disclosing data for research access. A common theme through these fellowships has been the up-skilling of civil servants, introducing them to the UK's existing data resources and enabling them to become more 'intelligent' in their consumption of research evidence.



## Knowledge Exchange Grants

### Success Rates

Scheme	Proposals	Funded	Success Rate
Knowledge Exchange Grants	149	75	52%
<b>Total value of awards (ESRC funding)</b>		<b>£4,646,007</b>	

### Success Rates by Region

Region	Proposals	Funded	Value of awards (ESRC funding)	Success Rate
England	121	59	£3,813,822	49%
Northern Ireland	6	3	£134,578	50%
Scotland	13	7	£325,316	54%
Wales	9	6	£372,291	67%
<b>Knowledge Exchange Grants</b>	<b>149</b>	<b>75</b>	<b>£4,646,007</b>	

Note: Data include all Knowledge Exchange Opportunities and Follow on Fund proposals processed to a funding decision in Financial Year 2012/13

ESRC Policy seminars present state-of-the-art research evidence to ensure maximum impact on policy and practice. During 2012/13 we ran nine public policy seminars in collaboration with a number of organisations including the Third Sector Research Centre, Government Equalities Office, the Institute for Volunteering and Nesta. These seminars have explored such subjects as the barriers to social mobility faced by particular demographic groups, education and the labour market, and allowed academics, policymakers and NGOs to discuss issues, share ideas and generate new contacts.

The ESRC, the Big Lottery Fund and Nesta work in partnership to manage the Alliance for Useful Evidence. The Alliance is an

open access network of individuals from across government, universities, charities, business and local authorities in the UK and internationally. By championing the need for useful evidence, it provides a focal point for improving and extending the use of social research and evidence in the UK. In doing so, it works with other organisations to encourage debate, discussion, collaboration and innovation. It aims to become the hub for evidence initiatives in the UK, providing a forum for members to share good practice and avoid the duplication of work.

### What Works network

The ESRC has been working closely with the Cabinet Office and others to develop a network of centres responsible for

providing robust and comprehensive social science evidence to guide policy. The What Works Network will comprise two existing centres of excellence, the National Institute for Health and Clinical Excellence (NICE) and the Education Endowment Fund, plus four new, independent institutions responsible for gathering, assessing and sharing the best available evidence to inform policy and service delivery in the areas of reducing crime, promoting active and healthy ageing, effective early intervention and fostering local economic growth.

The first of these new Centres will focus upon local economic growth. The ESRC has partnered with the Departments for Business, Innovation and Skills and Communities and Local Government to synthesise, evaluate and communicate evidence in support of policy implementation in the local economic growth arena. The primary customers for the outputs of the Centre will be decision-makers and practitioners working in, and with, local economic partnerships, cities and local authorities, using evidence to ensure the best results for their localities.

### Promoting our world-class research

An important aspect of the ESRC's mission is to provide advice on and disseminate knowledge and promote understanding of the value of our research and the social sciences. Our activities highlight the impact of ESRC research across all our strategic priorities and increase the reach of our communications to engage existing and new audiences.

Our successful annual magazine *Britain in* showcases to the general public the research funded by the ESRC through the contributions of leading academics, and expert journalists and writers. *Britain in 2013* was available at major high street newsagents and supermarket chains and we also introduced an iPad version of the magazine to expand its reach and appeal. Our regular magazine *Society Now* continues to reach over 15,000 readers, bringing the latest and most topical social science research to key opinion formers in business, government, the voluntary sector and the general public. Our digital newsletter e-news for the academic community also continues to flourish with over 6,500 subscribers.

During 2012/13 we ran an active media campaign generating extensive national and international broadcast, print and online coverage with nearly 19,000 mentions – a 121 per cent increase from 2011. We also provided media and communications training to ESRC-funded academics and during the year trained over 275 researchers.

Our digital communications continued to grow with the introduction of new features and videos to our website. During 2012/13 we published 73 web features covering subjects as diverse as Scotland's welfare challenge, staying safe online and binge drinking, through to the future of social care and safeguarding Olympic crowds. In the last year there were

1,097,426 visits to the ESRC website, our videos have been watched over 22,000 times and our twitter feed now attracts 13,000 followers – a 140 per cent increase from the previous year.

### Communication highlights this year include:

- The launch of a new series of impact videos in autumn 2012 with four published during the year looking at improving social care, helping children with autism, improving training and skills and enabling low-cost loans.
- *Re-igniting Growth* – an ESRC report that examined some of the challenges the UK faces after the economic downturn and explored a range of initiatives or changes to policy that could help kick-start growth.
- Seven Days – a series of videos used the 'Monday's child' nursery rhyme to present ESRC-funded research in seven themed areas. The series was published over seven weeks in Spring 2012, culminating in a 'Seven days' publication in June.
- Planet and People – a set of five engaging short videos highlighting how social sciences have contributed to environment research.
- The launch of the ESRC Celebrating Impact Prize – a new, annual opportunity to recognise and reward the successes of ESRC-funded researchers who have achieved, or are currently achieving, outstanding economic and/or societal impacts. The prize celebrates outstanding ESRC research and success in collaborative working, partnerships, engagement and knowledge exchange activities that have led to significant impact.

### Reaching policymakers

The ESRC continues to manage an active and effective public affairs campaign. This includes publishing more of our highly successful series of evidence briefings. These covered topics such as: supporting health and activity in schools; cutting children's exposure to unhealthy food advertisements; providing advice for higher education; and using semantic web tools to teach complex topics.

We worked with the All Party Group for Social Science and Policy and hosted four meetings in 2012/13 that examined pensions and retirement with Paul Johnson, Director, Institute for Fiscal Studies, the main speaker. Professor Steve Nickell, Warden of Nuffield College was the main speaker for the event in November 2012 covering Housing – challenges for policymakers. We also worked with the Global Uncertainties All Party Group again with four meetings held. These covered topics such as Human Trafficking and Detecting Terrorist Activities.

In July 2012, we held a Public Policy Seminar – Painting a portrait of multi-ethnic Britain – which brought the findings of the world's largest household panel survey, Understanding Society and its

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uniquely large sample of ethnic minority groups, to an audience of senior government analysts, policymakers and civil society organisations. Speakers included Jonathan Rees, Director General of the Government Equalities Office and Dr Omar Khan from the Runnymede Trust.

In December 2012 the RCUK Global Uncertainties programme was part of a cross-council parliamentary showcase event at the House of Commons. The ESRC-hosted stand included Professor Liebet Van Zoonen and her collaborative project looking at identity and taboos. The event was hosted by Andrew Miller MP, Chair of the Parliamentary Science and Technology Committee with a welcome speech by David Willetts MP and Professor Rick Rylance, Chief Executive, AHRC.

For the 16th year running we hosted the ESRC and IFS pre-budget briefings. These three meetings for Conservatives, Labour, and Liberal Democrats and Other Parties provide an excellent platform to demonstrate the importance of sound economic research to policymakers.

### Engaging the Public

We celebrated the tenth anniversary of the annual Festival of Social Science in 2012. This week-long, UK-wide festival enables academics to hold an event or activity aimed at a non-academic audience including the general public, schools and young people, businesses, small and medium-sized enterprises, third sector organisations and national and local policymakers.

The 2012 Festival featured 180 free events held in 38 UK towns and cities, and remains popular attracting a total audience of over 22,000. Following the event they attended, 86 per cent of attendees highlighted that they planned to seek out further information about the topic of the event, and 79 per cent said that the event raised their awareness of the benefits social science brings to society. Ninety-six per cent of attendees said they would definitely or possibly attend another Festival of Social Science event in the future.

The flagship Festival event 'Portraits of Britain' was a photographic competition which attracted over 450 entries from the general public and young people. The entries were judged by Roger Tooth, Head of Photography at The Guardian; Martin Rosenbaum, BBC Correspondent and ESRC Council member; Rosie Hallam, independent photo journalist and Professor Paul Boyle, ESRC Chief Executive. The prize-giving event with David Willetts was attended by winners, runners-up and exhibited photographers and their guests. It was followed by a week-long exhibition in central London.

Our work with schools and young people also continues with the enhancement of our Social Science for Schools website and resources. This dedicated resource offers social science research summaries for secondary teachers, helping to provoke

debate and discussions in their classrooms, as well as useful statistics on life in the UK. New resources include: performing under pressure; education and skills; and genomics. We also produced a methodologies guide which highlights how students can undertake both quantitative and qualitative data collections and how these can be used in the classroom. On average 1,100 webpages are viewed per month on the site.

The evaluation of the Connected Communities Programme's joint AHRC/ESRC dialogue as part of the two-stage grant application process in 2012 was completed in January 2013. The report concluded that the public dialogue was a valuable activity in this process which could be considered again for two-stage funding calls of this nature. The evaluation showed that the dialogue informed both the grant applicants and the funding panel, and there was recognition of the role and remit for such activities within engaged research on community issues.

### Demonstrating economic and societal impact

Our work, led by the Evaluation Committee, to demonstrate the wider impact of social science on the UK economy and society, received a strong endorsement in 2012/13, with a seminar attended by experts from across academia, policy and practice recognising the ESRC's leadership role in this field and acknowledging the significant contributions made to the development of approached to impact evaluation.

We continue to develop new methods for the assessment of impact in all its forms. This work has not only demonstrated a wide range of case studies arising from ESRC-supported research, but has also identified some of the key factors which can increase the potential for research impact. This has provided examples of best practice which have been used to inform our funding strategy, and to better support new and ongoing investments to enhance their future impact.

In 2012, our portfolio of studies in this area was further extended through an evaluation of the impact of social science on business, which identified a number of examples of business schools' direct impact on private sector companies. We also undertook the first impact evaluation of a major cross-Council collaboration – the Rural Economy and Land Use programme (RELU) – which concluded that RELU's impact has been substantial and significant, and that the programme constitutes a new 'standard' in impact generation.

Looking ahead, in 2013 we will continue to further develop our work in this area, including an assessment of impact from our substantial portfolio of economics research and a further assessment of cross-Council collaboration.

# Progress Against Targets and Milestones

The ESRC Scorecard for 2012-13 included 24 Key Deliverables, divided further into 56 Milestones. Achievements against the milestones can be summarised as follows:

Milestones fully achieved	Milestones achieved but with some delays	Milestones partly achieved	Milestones that have been cancelled	Total
48*	5	1	2	56

\*The progress on one milestone is reported annually over the CSR period 2011-15.

## Milestones

The following milestone has been **partly achieved**:

- **24 a and b in Q4:** Work to reduce our administrative costs by 23 per cent in real terms over the CSR period 2011-15, particularly through: greater streamlining of our processes; greater RCUK harmonisation and integration; and a reduction in Shared Services Centre (SSC) costs.

**Administration savings are on track. In particular, we have in the last year had an internal restructuring exercise which has allowed us to reduce the number of senior management posts within the organisation.**

The following five milestones have been **achieved but with some delay** to the original timetable:

- **2e in Q2:** To announce phase three of the Poverty Alleviation Programme and phase two of the Economic Growth Programme addressing the needs of developing countries, working with the Department for International Development (DFID).

**Achieved in Q4. ESRC/DFID Poverty Alleviation Phase 3: Call 1 of the Poverty Alleviation Research Grants Call and Development Frontiers Call closed on 29 November 2012. Commissioning of both calls is underway: 40 outline Research Grant applications were shortlisted to submit full applications by 2 May 2013; 24 Development Frontiers applications are undergoing full review, with funding decision made on 14 May 2013. ESRC/DFID Economic Growth Research Programme Call 2: A programme directorate group was appointed on 1 September 2012. Call 2 opened on 25 February 2013.**

- **3a in Q2:** Issue a further data release to individual HEIs on their application performance to support initial (self-regulation) demand management strategy.

**Achieved in Q4: Two further releases completed. One in November (including Outcomes of Council) and one in March 2013.**

- **9a in Q2:** Announce funding decisions for the Secondary Data Analysis Initiative (SDAI) small grants by July 2012.

**Achieved in Q3. Final awards announced in September. Awards starting October 2012 - January 2013.**

- **11a in Q4:** Issue a main contract for the Cohort Resources Facility by December 2012, working with the MRC.

**Achieved in Q4. Following delay, contract issued early March 2013.**

- **16c in Q4:** Commission an evaluation of the Language Based Area Studies (LBAS) Centres by end of September 2012 in order to inform future investment in language training, with the full report to be available in early 2013.

**Evaluation has been commissioned, but due to delays in appointing a suitable evaluator, the report will now be available in summer 2013.**

The following two milestones have been **cancelled** due to change in corporate focus:

- **7a in Q4:** Co-fund in partnership with the British Academy, the UK Commission for Employment and Skills (UKCES) and the Society for the Advancement of Management Studies (SAMS) postdoctoral positions in management and business to provide career development opportunities beyond PhD.

**The ESRC Training and Skills Committee have decided to discontinue this scheme due to falling demand. However, it has been suggested that the ESRC will negotiate with SAMS to provide co-funding for relevant projects under the Future Leaders Scheme.**

- **16b in Q4:** Announce the outcomes of the second call for proposals under the ESRC International Partnership and Networking Scheme aimed at fostering the development of long-term relations with overseas social scientists.

**As part of its streamlining activities the ESRC decided not to announce a second round of the International Partnership and Networking Scheme. We will consider integrating objectives of the scheme within the ESRC Research Seminars Scheme.**

# Efficiency

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As set out as part of the 2010 spending review settlement, the Research Councils have begun implementation of an efficiency programme to drive down the costs and overheads associated with research. The efficiency savings derived from this programme are being re-invested in research.

In the spring of 2011 RCUK published *Efficiency 2011-15: Ensuring Excellence with Impact* describing how the Research Councils would implement the recommendations in Sir William Wakeham's report *Financial Sustainability and Efficiency in Full Economic Costing of Research in UK Higher Education Institutions*. The efficiency savings are being applied to both research grants and fellowships awarded via competitive route to Research Organisations and also to Research Council institutes. The combined savings for the first year (2011/12) exceeded the planned £30.5 million with details provided in the programme's annual report at: [www.rcuk.ac.uk/documents/publications/RCUK\\_Efficiency\\_Savings\\_Report\\_2011-12\\_July2012.pdf](http://www.rcuk.ac.uk/documents/publications/RCUK_Efficiency_Savings_Report_2011-12_July2012.pdf)

The combined savings for the second year (2012/13) are planned to be £82.2 million rising over the four year Spending Review period to reach a total of £428 million over the full period.

Alongside these measures the Research Councils also introduced changes to the requests for equipment on grants, including asking applicants to demonstrate how the usage of the equipment will be maximised. RCUK is currently working with university partners to develop options to promote and assist equipment sharing, including exploring the issues around asset registers. There is good anecdotal evidence of significant progress by universities to promote sharing, and of very efficient usage of large pieces of experimental equipment.

# Vital Statistics



# Vital Statistics: Who's Who at the ESRC

## Council, Committees and Senior Office Staff

### Members of Council 2012/13

The following Council Members were appointed by the Secretary of State for Business, Innovation and Skills and normally serve for terms of two to six years. The dates given show their term of appointment. Secretary: Vicki Crossley, ESRC



**Dr Alan R Gillespie**  
Chair, ESRC  
2009-2017



**Dr Justin Davis-Smith**  
Chief Executive,  
Volunteering England  
2011-2014



**Chair**  
Dr Alan R Gillespie



**Professor Paul Boyle**  
Chief Executive, ESRC  
2010-2014



**Paul Grice**  
Clerk and Chief Executive,  
Scottish Parliament  
2009-2015



**Chief Executive**  
Professor Paul Boyle



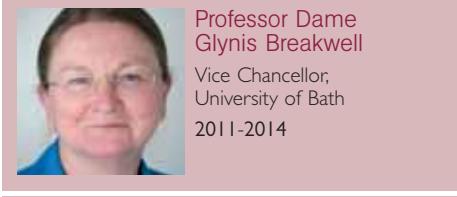
**Professor John Beath**  
Emeritus Professor of  
Economics, University of  
St Andrews  
Secretary General,  
Royal Economics Society  
2009-2014



**Professor David Martin**  
Professor of Geography,  
University of Southampton  
2010-2013



**Director of Policy,  
Resources and  
Communications**  
Phil Sooben



**Professor Dame  
Glynis Breakwell**  
Vice Chancellor,  
University of Bath  
2011-2014



**Dave Ramsden**  
Managing Director,  
Macroeconomic and  
Fiscal Policy Directorate,  
HM Treasury  
2008-2013



**Deputy Director of  
Policy, Resources and  
Communications**  
Dr Fiona Armstrong



**Professor  
Ann Buchanan MBE**  
Professor of Social Work and  
Director of the Centre for  
Research into Parenting and  
Children, University of Oxford  
2007-2013



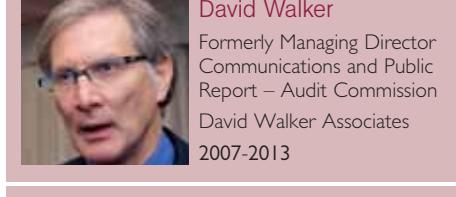
**Martin Rosenbaum**  
BBC Executive Producer  
2012-2015



**Director of Research,  
Partnerships and  
International**  
Adrian Alsop



**Martin Coleman**  
Head of Competition Law  
Group, Norton Rose LLP  
2010-2013



**David Walker**  
Formerly Managing Director  
Communications and Public  
Report – Audit Commission  
David Walker Associates  
2007-2013



**Deputy Director  
of Research,  
Partnerships and  
International**  
Jeremy Neathey



**Professor  
Simon Collison**  
Dean, Birmingham Business  
School, University of  
Birmingham  
2011-2014



**Dr Graeme Reid**  
Representative of the  
Secretary of State for  
Business, Innovation  
and Skills



**Director of Finance**  
Nigel Bird



**Professor Stuart Croft**  
Professor of International  
Security, University of  
Warwick  
2011-2014



**Mr Jeremy Clayton**  
Representative of the  
Secretary of State for  
Business, Innovation  
and Skills

# Vital Statistics: Who's Who at the ESRC

## Council, Committees and Senior Office Staff

### Members of Committees 2012/13

#### Methods and Infrastructure Committee

David Walker (Chair)  
 Professor Micheline Beaulieu  
 Professor David de Roure  
 Professor Rosalind Edwards  
 Professor Edward Fieldhouse  
 Professor Andy Furlong  
 Professor Andrew Henley  
 Mary Hickman  
 Professor Allan Hill  
 Dr David Marshall  
 Neil Serougi  
 Professor Malcolm Williams  
 Dr Paul Williamson  
 Professor Robert Wright  
 Professor Peter Elias (ex-officio member)  
 Professor John Hobcraft (ex-officio member)  
 Jude England (left August 2012)  
 John Ireland (left August 2012)  
 Professor Clare Holdsworth (left August 2012)  
 Dr Liz Lyon (left August 2012)  
 Professor Stephen Wood (left August 2012)  
 Vanessa Cuthill (Secretary)

#### Evaluation Committee

Professor Ann Buchanan (Chair)  
 Professor Paul Anand  
 Professor Tara Fenwick  
 Professor Brian Francis  
 Dr Suzanne King

Steven Marwick  
 Jeremy Mayhew  
 Professor Sandra Nutley  
 Professor Paul Milbourne  
 Dr Paul Nightingale  
 Professor Martin Smith  
 Professor Ken Starkey  
 Penny Young  
 Professor Sandra Walklate (left August 2012)  
 Professor Paul Whiteley (left August 2012)  
 Jeremy Peat (left August 2012)  
 Vicki Crossley (Secretary)

**Training and Skills Committee**

Professor John Beath (Chair)  
 Sheryl Burton  
 Professor Timothy Clark (Vice-Chair)  
 Dr Stuart Fancey  
 Professor Maia Green  
 Professor Simon Handley  
 Professor John Holmwood  
 Professor Peter Jackson  
 Professor Susan McVie  
 Professor Peter Smith  
 Professor Judith Squires  
 Dr Sally Stares  
 Dr Chris Taylor  
 Diana Wilkinson (left August 2012)  
 Professor John Micklewright (left August 2012)  
 Professor Adam Rutland (left August 2012)

Professor Louise Ackers (left August 2012)  
 Dawn Woodgate (Secretary)

#### Research Committee

Professor Dame Glynis Breakwell (Chair)  
 Professor Jennifer Mason  
 Professor Michael Bradshaw  
 Martin Cooke  
 Daniel Corry  
 Diane Coyle  
 Professor Hilary Graham  
 Professor James Love  
 Professor Steve Machin  
 Professor Claire O'Malley  
 Mark Robinson  
 Charles Roxburgh  
 Professor John Stillwell  
 Professor Hazel Smith  
 Professor Andy Stirling  
 Professor Claire Wallace  
 Rosalie Ward  
 Dr Tim Bradshaw (left August 2012)  
 Professor Martin Conway (left August 2012)  
 Graeme Nicol (left August 2012)  
 Kathryn Packer (left August 2012)  
 Professor Margaret Whitehead (left August 2012)  
 Professor Karen Rowlingson (left August 2012)  
 Michelle Dodson (Secretary)

### Audit Committee

Paul Grice (Chair) (Member of Council)	Clerk and Chief Executive	Scottish Parliament	2009-2015
Professor Ann Buchanan MBE (Member of Council)	Professor of Social Work and Director of the Centre for Research into Parenting and Children	University of Oxford	2007-2013
Martin Coleman (Member of Council)	Head of Competition Law Group	Norton Rose LLP	2010-2013
Professor Simon Collinson (Member of Council)	Dean, Birmingham Business School	University of Birmingham	2011-2014
Professor Andrew Goddard	Professor of Accounting	University of Southampton	2008-2012 (left August 2012)
Allan Spencer	Director of Finance	University of Sussex	2010-2014
Meryl Hayward	Director of Finance and Procurement	English Heritage	2012-14
Nigel Bird (Secretary)	Director of Finance	ESRC	2011-2013

# Vital Statistics: Data Protection and Information Security

## Personal Data-Related Incidents

The ESRC is committed to safeguarding information and personal data.

Incidents, the disclosure of which would in itself create an unacceptable risk of harm, may be excluded in accordance with the exemptions contained in the Freedom of Information Act 2000 or may be subject to the limitations of other UK information legislation.

### Summary of protected personal data-related incidents formally reported to the information commissioner's office in 2012/13

Date of Incident	Nature of Incident	Nature of data involved	Number of people potentially affected	Notification steps
N/A	N/A	N/A	N/A	N/A

Actions to ensure compliance include:

- Audit of controls and procedures for handling information and data
- Regular review of the ESRC risk register to ensure it is appropriate in relation to risks to personal data
- A rolling programme of information security monitoring and assurance under the council's risk management and Internal Audit Assurance Strategy
- Data protection training for all new starters
- Freedom of information training for all new starters
- Regular updates and reminders to all staff about information security.

### Summary of other protected personal data-related incidents in 2012/13

Incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office but recorded centrally within the Department are set out in the table below. Small, localised incidents are not recorded centrally and are not cited in these figures.

Category	Nature of Incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	0
II	Loss of inadequately protected electronic equipment, devices or paper documents	0
III	Insecure disposal of inadequately protected electronic equipment, devices or paper document	0
IV	Unauthorised disclosure	0
V	Other	1

### Year-on-year total numbers of protected personal data-related incidents prior to 2012/13

Total number of protected personal data-related incidents formally reported to the Information Commissioner's Office by category number

	I	II	III	IV	V	Total
2012/13	0	0	0	0	0	0
2011/12	0	0	0	0	0	0
2010/11	0	0	0	0	0	0

Total number of other protected personal data-related incidents, by category number

	I	II	III	IV	V	Total
2012/13	0	0	0	0	1	1
2011/12	0	0	0	0	1	1
2010/11	0	0	0	0	0	0

# Vital Statistics: Research and Training Expenditure

## Regional Spend 2012/13 (£000s)

Region	Research (£000)	Training (£000)	2012/13 Spend (£000)
East Midlands	2,500	1,926	4,426
Eastern	22,137	3,688	25,825
London	31,241	9,207	40,448
North East	3,654	2,050	5,704
North West	6,733	4,717	11,450
Northern Ireland	1,701	131	1,832
Other	1,846		1,846
Scotland	10,049	5,287	15,336
South East	21,537	6,936	28,474
South West	7,384	3,518	10,902
Wales	5,538	2,590	8,127
West Midlands	6,608	3,361	9,970
Yorkshire and Humberside	5,796	4,185	9,981
<b>Grand Total</b>	<b>126,724</b>	<b>47,597</b>	<b>174,321</b>
<b>Other UK Distributions</b>	<b>11,899</b>	<b>6,790</b>	<b>18,689</b>
<b>Total Programme Investment</b>	<b>138,623</b>	<b>54,387</b>	<b>193,010</b>

## Top 11 Institutions by Research Expenditure (£000s)

Research Organisation	2012/13 Spend (£000)
University of Essex	15,016
University of Oxford	9,465
University College London	6,701
Institute of Education	5,659
London School of Economics and Political Science	5,346
The University of Manchester	5,011
University of Southampton	4,968
University of Cambridge	4,904
University of Edinburgh	3,901
University of Bristol	3,685
Institute for Fiscal Studies	3,648
<b>Grand Total</b>	<b>68,304</b>
<b>% of Overall Total</b>	<b>49.27%</b>

# Vital Statistics: Research and Training Expenditure

## Top 11 Institutions by Training Expenditure (£000s)

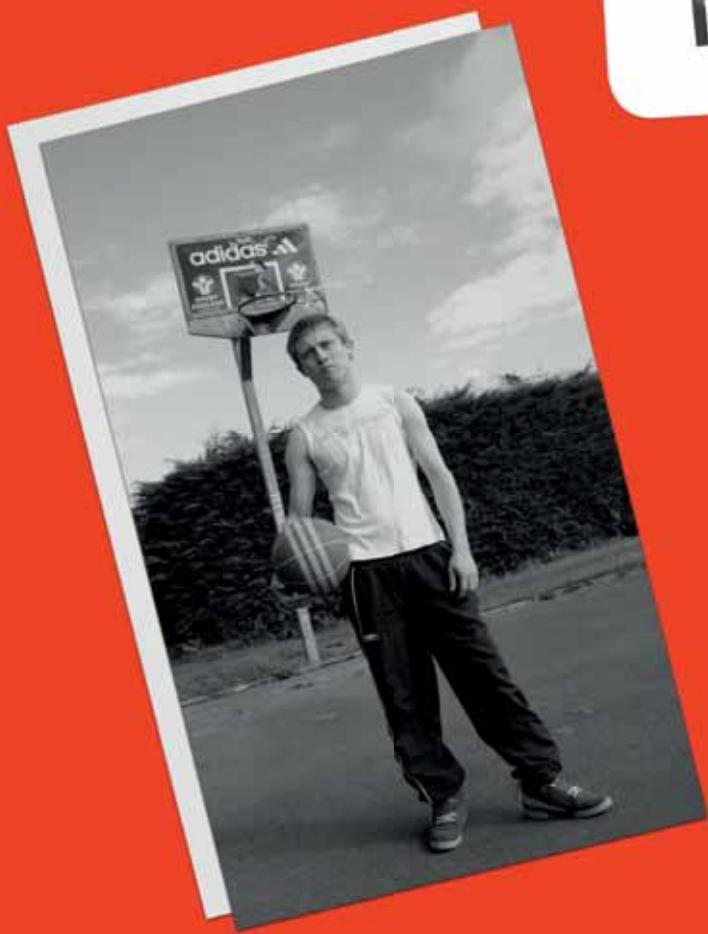
Research Organisation	2012/13 Spend (£000)
University of Edinburgh	3,315
University of Oxford	2,677
University of Bristol	2,439
London School of Economics and Political Science	2,407
University of Sheffield	2,319
Cardiff University	2,258
University of Liverpool	2,246
University of Cambridge	2,090
University of Warwick	1,753
University College London	1,602
Durham University	1,553
<b>Grand Total</b>	<b>24,658</b>
<b>% of Overall Total</b>	<b>45.34%</b>

## Top 11 Institutions by Overall Expenditure for Research and Training (£000s)

Research Organisation	2012/13 Spend (£000)
University of Essex	15,980
University of Oxford	12,142
University College London	8,303
London School of Economics and Political Science	7,753
University of Edinburgh	7,216
University of Cambridge	6,994
Institute of Education	6,842
University of Southampton	6,427
The University of Manchester	6,327
University of Bristol	6,124
Cardiff University	5,863
<b>Grand Total</b>	<b>89,971</b>
<b>% of Overall Total</b>	<b>46.61%</b>



## Financial and Other Information



# Management Commentary

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## Financial and Other Information

- 1 The Economic and Social Research Council (ESRC) is an executive Non-Departmental Public Body established by Royal Charter in 1965 for the promotion of social science research. The Charter was subsequently amended in 1994 in the light of the Science White Paper "Realising Our Potential".
- 2 The ESRC is funded primarily through Grant-in-Aid from the Department for Business, Innovation, and Skills (BIS).

## Statutory Basis

- 3 ESRC's accounts have been prepared in accordance with the Government Financial Reporting Manual (FREM) [http://www.hm-treasury.gov.uk/frem\\_index.htm](http://www.hm-treasury.gov.uk/frem_index.htm) and the Accounts Direction, issued by the Secretary of State pursuant to Section 2(2) of the Science and Technology Act 1965. The accounts follow IFRS having due regard to the Council's status as a government body and any requirements established by the Clear Line of Sight agenda, which is to ensure that Government simplifies its financial reporting to Parliament and in a consistent way.

## Strategic Priorities

- 4 The Economic and Social Research Council's mission is to:
  - promote and support, by any means, high-quality basic, strategic and applied research and related postgraduate training in the social sciences;
  - advance knowledge and provide trained social scientists who meet the needs of users and beneficiaries, thereby contributing to the economic competitiveness of the United Kingdom, the effectiveness of public services and policy, and the quality of life;
  - provide advice on, and disseminate knowledge; and promote public understanding of, the social sciences.
- 5 **ESRC's Strategic Priorities are:**
  - **Economic Performance and Sustainable Growth** – enable the development of robust government and private sector strategies to ensure sustainable growth;
  - **Influencing Behaviour and Informing Interventions** – creating a better understanding of how and why people and organisations make decisions, and how these can be managed or influenced;
  - **A Vibrant and Fair Society** – developing ways to enhance the role and contribution of citizens, voluntary sector organisations and social enterprises to create a vibrant national and global society.
- 6 **ESRC's Strategic Objectives are:**
  - **Impact** through world class social science research;
  - **Impact** through skilled people;
  - **Impact** through world class infrastructure;
  - **Impact** through international leadership;
  - **Impact** through partnerships.

## Risk

- 7 ESRC has adopted a risk management strategy where controls and risk-bearing relate to all aspects of management, not purely financial matters.
- 8 It is ESRC's view that it should demonstrate leadership in the quest for innovation and in the setting of strategies to achieve it. Innovation, and the social science research which supports it, is by its nature involved with uncertainty and hence risky outcomes. In order to seize opportunities to increase the probability of achieving its purpose ESRC has to embrace risk enterprises. ESRC has a responsibility not just to control risk, but to ensure the proper opportunities are created to allow the achievement of unplanned potential. ESRC therefore has a particular concern to ensure that the framework for managing risk involves appropriate measures to promote and safeguard innovation.
- 9 ESRC's capacity to handle risk and its risk and control framework can be found in ESRC's Governance Statement.
- 10 ESRC's main risks are recorded and monitored on the corporate risk register. The key corporate risks relate to the maintenance of social science capacity, achieving excellence in commissioned research, sustaining ESRC's reputation and influence and effectiveness of delivery.

## Financial Review of the Year

- 11** The Accounts for the year ended 31 March 2013 record total expenditure of £204.0m compared with a total expenditure of £212.6m in 2011/12. The Government Funds as at 31 March 2013 showed a deficit of £15.0m compared to a deficit of £22.9m in 2011/12. Total Grant-in-Aid drawn down was £189m, with no funds deployed on capital expenditure.

Programme Investment has decreased to £193m (£202m 2011/12) as planned.

Income from other bodies has decreased to £22.9m (£27.0m 2011/12) reflecting the utilisation of deferred income during the year.

The Statement of Financial Position records receivables of £9.4m (£16.8m 2011/12). The Statement of Financial position records payables of £28.8m (£45.0m 2011/12). The decrease in payables is the result of the utilisation of deferred income during the year and a reduction in the Studentship Accrual. The decrease in receivables reflects the reduction in prepayments.

The disposal of ESRC's intangible assets reflects the change in control of the data sets from ESRC to another body.

## Future Developments and Performance

- 12** The performance of ESRC's business is covered in pages 4 to 42 of the Annual Report.
- 13** There are no identified trends or issues likely to significantly impact on ESRC's business or performance. ESRC's going concern position is covered in paragraph 18 .

## Financial Instruments

- 14** See the notes to the accounts for discussion of the financial risks associated with financial instruments.

## Shared Services Centre

- 15** As agreed by the seven Research Councils, RCUK SSC Ltd (now UK SBS Ltd) was set up in 2007/08, following its incorporation as a limited company, (RCUK Shared Services Centre Ltd). The RCUK SSC Ltd (now UK SBS Ltd) has been developed to provide Finance, Grants, Human Resources, Information Systems, Procurement and Payroll operational services to each of the Councils and their Institutes. The aim of RCUK SSC Ltd (now UK SBS Ltd) is to reduce spending on administration through sharing and standardising processes across the councils and to secure procurement savings through the consolidation of demand across the Councils.
- 16** On 6 March 2013, the Research Councils changed, by Written Resolution, the governance and ownership of RCUK Shared Services Centre Ltd changing the name of the Company to UK Shared Business Services Limited (UK SBS). Further details can be found in Note 8 of the Accounts.
- 17** ESRC has utilised the services of RCUK SSC Ltd (now UK SBS Ltd) across all functions, as listed above, for the whole of 2012/13.

## Going Concern

- 18** The Income and Expenditure Reserve at 31 March 2013 shows a deficit of £17.5m (£25.5m 2011/12). This reflects the inclusion of liabilities falling due in future years which will be met by future Grant-in-Aid from ESRC's sponsoring department, BIS. This is because, under the normal conventions applying to Parliamentary control over income and expenditure, such grants may not be paid in advance of need (note 1 (b) to the Accounts). The settlement from the Comprehensive Spending Review provides for the continuing going concern of ESRC.

## Evaluation

- 19** The ESRC places great emphasis on the evaluation of its research. The Evaluation Committee works independently from the Policy Committees to evaluate the impact and quality of ESRC research through a comprehensive review programme. The results inform Council's strategic decision making and guide the Committees' investment decisions.

Project evaluations provide accountability for grant expenditure, and provide an early assessment of academic quality and research impact. The Evaluation Committee's analysis of project evaluation results contributes to Council's strategic planning, provides a track-record of project performance to support further funding decisions and feeds into policy evaluation work.

Evaluations of major programme investments assess academic achievements and contributions to fields of study, evidence of economic and societal impact, and the effectiveness of capacity development and research training. The results feed into the design of new phases of research and contribute to the development of research management practice.

# Management Commentary

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Scheme evaluations assess the impact and effectiveness of different modes of ESRC funding. The results inform Council's strategy for supporting particular activities such as interdisciplinary collaborations, building new research capacity and supporting career development in different sections of the research community.

Impact and policy evaluations are a central feature of the evaluation system. This work includes benchmarking the international impact of UK social science, evaluating the economic and societal impact of ESRC research and reviewing aspects of research funding policy. The results help the Council to demonstrate the wider contribution of UK social science and the national and international impact of its own portfolio.

## Payment Policy

- 20 ESRC observes the HM Treasury Guidance and makes every effort to pay creditors within 5 days of receipt of invoice. Where this is not possible, ESRC observes the CBI's Prompt Payers' Guide, and adheres to the principles of the Prompt Payers Code, endeavouring to ensure compliance with the agreed terms of payment of creditors' invoices and to pay them within 30 days of receipt of invoice. During 2012/13 84% (75% 2011/12) of invoices were paid within 5 days.

## Equal Opportunities

- 21 The ESRC's policy on recruitment and selection is based on the ability of a candidate to perform the job regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. Full and fair consideration is given to applications for employment from the disabled where they have the appropriate skills to perform the job. If disability should occur during employment, ESRC would make every effort to maintain employment and to ensure the availability of adequate retraining and career development facilities.

## Employee Involvement

- 22 Information is provided to employees through the Oracle Knowledge Base, HR Updates, E-mail and the Intranet. Consultation with employees takes place through meetings of senior staff, with the Trade Unions through the Joint Negotiating and Consultative Committee, through directorate, and team meetings, and through working groups set up to look at specific organisational issues, and where appropriate through all-staff meetings.
- 23 All staff are made aware of the Delivery Plan and are then involved in developing and implementing directorate and personal objectives which flow from the Plan.
- 24 Details of the Research Councils' Pension Scheme (RCPS) are set out in Note 3c to the Accounts and details of the salary and pensions benefits of senior employees are included in the Remuneration Report.

## Council and Management Board Members

- 25 Council and Management Board members are listed in the Remuneration report. The related party interests of members are covered in the notes to the accounts.

## Health and Safety

- 26 The ESRC policy is to set and maintain high standards of health and safety performance so as to ensure the health and safety of staff as well as that of others who may work in or visit the premises. To achieve this ESRC has a Health and Safety Policy Statement signed by the Chief Executive, the Trade Union Health and Safety representative and the ESRC's Health and Safety Advisor. The policy covers responsibilities, competencies, risks, controls, the provision of advice, performance measurement and staff consultation. The policy is accessible to all staff through RCUK SSC Ltd (now UK SBS Ltd) Knowledge Base along with all health and safety guidance and procedures. ESRC also has a Health and Safety committee whose role is to review the adequacy of safety training and the supply of information, consider accident statistics and safety audit reports and to help the ESRC's Health and Safety Advisor carry out his/her duties.

## Sickness Absence

- 27 ESRC management monitor staff sick absences on an ongoing basis with all sickness absences followed up by a return to work interview in line with ESRC's Sickness Absence Policy. Persistent short- term and long- term absence is managed on a case-by-case basis with appropriate support from an Occupational Health Physician. ESRC's sickness absence data is as follows:

	2012/13	2011/12
Total number of FTE staff	133	120
Total days lost to sickness	779	648
Average working days lost	6	5
Days lost to long term (28 days or more)	311 / 40%	391 / 60%

The average working days lost is considered to be within the acceptable level for organisation sick absence.

## Public Sector Information Holder and Personal Data Incidents

- 28 Information required to be reported by the ESRC in respect of holding public sector information, including reporting on data incidents, is included in the Annual Report section entitled Vital Statistics: Data Protection and Information Security on page 40.

## Environmental Policy

- 29 ESRC is committed to following the Joint Research Council Environmental Policy Statement which calls for:

- compliance with all relevant legislation;
- minimise the adverse impacts of new buildings and refurbishments;
- make efficient use of natural resources;
- operate effective arrangements for waste disposal and recycling;
- promote effective environmental supply management;
- work with staff to promote more economic forms of transport;
- provide appropriate information and training to new staff.

ESRC attends the cross Research Council Environmental Group which meets on a quarterly basis to discuss the environmental issues that affect Polaris House. Polaris House has ISO 14001 accreditation for the control of the impact to the environment of all the activities conducted on the Polaris House site. In order to satisfy and maintain the required standards a number of environmental targets and impacts have been agreed for review, assessment and improvement. These are:

- Waste Reduction;
- Green Purchasing;
- Green Transport;
- Landscaping enhancement;
- Reduction of CO2/energy emissions.

Environmental issues are communicated to all staff through the cross Research Council Environmental Awareness newsletter.

ESRC is exempted from disclosing the full sustainability reporting data required by the Government's commitments to the 'Greening Report' as its full time equivalent staff numbers and floor area are below the reporting thresholds.

# Management Commentary

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## Audit Committee

- 30 ESRC's Audit Committee comprises four members of Council plus two external co-opted members who provide additional academic and professional accountancy expertise. The Chairman of the Committee is a member of Council who does not chair any other Council Committee. The Committee meets at least three times a year to review internal and external audit matters, to generally consider Corporate Governance issues including the quality of internal control systems, and to review the ESRC's accounts.

## Auditors

- 31 The internal auditors of ESRC are the Audit and Assurance Service Group with an audit plan being agreed and undertaken each year.
- 32 The accounts of the ESRC are audited by the Comptroller and Auditor General under the terms of paragraph 3(3) of Schedule 1 of the Science and Technology Act 1965. The audit fee covering 2012/13 was £63,000. There was no auditor remuneration for non-audit work.
- 33 So far as the Accounting Officer is aware, there is no relevant audit information of which the ESRC's auditors are unaware. The Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that ESRC's auditors are aware of that information.



20 June 2013

Paul Boyle  
Accounting Officer

# Remuneration Report 2012/13

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## Unaudited Information

### Remuneration Policy

- 1 The remuneration of the Chief Executive of ESRC is decided by a Remuneration Panel chaired by the BIS Director General of Knowledge and Innovation and approved by the BIS Permanent Secretary.
- 2 The performance of ESRC Directors is assessed annually by the Directors Remuneration Committee chaired by the Chair of Council with the ESRC Chief Executive and the Chair of ESRC Audit committee serving as members. Assessments are made using ESRC's Staff Performance Management process taking into the account the following:
  - bench marking against comparators in other Research councils;
  - annual increases agreed for other staff pay grades within ESRC;
  - BIS and Government pay policy guidelines and constraints.

There is no separate Remuneration Committee that considers the pay of other senior staff.

- 3 All remuneration increases are subject to a satisfactory performance assessment. The amount of any non-consolidated one off bonus payments is determined by the level of performance rating within the year.
- 4 The remuneration of ESRC's Council members and Chairman is reviewed annually by BIS.

### Contractual Policy

- 5 The Chief Executive is contracted for the period 1 September 2010 to 31 August 2014 with all Directors being permanent employees of the ESRC\*.

The Chief Executive and all Directors are subject to a notice period of 3 months\* and any compensation awarded for early termination is subject to the terms and conditions of the Research Council's Joint Superannuation Early Severance Scheme. The Chairman and Council members receive a letter of appointment from BIS and are not employees of the ESRC although remuneration is made through the ESRC payroll. The terms of appointment allow for members to resign from office by notice in writing to the Secretary of State. Members may also be removed from office by the Secretary of State on grounds of incapacity or misbehaviour or a failure to observe the terms and conditions of appointment.

\*The Finance Director is on a fixed term contract subject to a notice period of 1 month.

## Audited Information

### Salary and Pension Entitlements

- 6 The following section provides details of the remuneration and pension interests of the Chief Executive, Directors and ESRC Council members.

\*Part-year: Took up post on 01 November 2011. Full year equivalent 60-65.

\*\*Part-year: Left 07 September 2012. Full year equivalent 65-70.

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### Remuneration

		2012/13 Salary (£000)	2012/13 Bonus (£000)	2011/12 Salary (£000)
Prof P Boyle	Chief Executive	120-125	5-10	120-125
Mr A Alsop	Director of Research, Partnerships and International	65-70	0-5	65-70
Mr N Bird	Director of Finance	60-65	0-5	25-30*
Mr P Sooben	Director Policy, Resources and Communications	65-70	0-5	60-65
Drs. A Wissenburg	Director of Partnerships & Communications	30-35**	—	65-70

# Remuneration Report 2012/13

- 7 Salary paid in 2012/13 includes gross salary, overtime, recruitment and retention allowances, responsibility allowances and any other allowance to the extent that it is subject to UK taxation. Any bonuses paid are shown separately. There was an average of 2% increase of salary for the above senior staff. No benefits in kind were received in 2012/13 (2011/12 zero). The highest paid Director was in the 120-125 band with the median remuneration figure of all staff being £29,271 giving a ratio of 4.2 (2011/12 – £28,384 and 4.3).

## Pension Benefits

Comparative figures for 2011/12 shown in italics

Chief Executive and Directors	Current Chief Executive	Director	Director	Director	Director
Name	Prof P Boyle	Mr A Alsop	Drs. A Wissenburg	Mr P Sooben	Mr N Bird
Real increase in pension at 60 (£)	5,758 2,954	236 -535	1,087 539	1,207 13	1,247 250
Related lump sum at 31 March 2013 (£)	– –	84,431 81,921	– –	34,681 33,758	36,144 31,707
Total annual accrued pension at 60 at 31 March 2013 (£)	6,742 3,918	28,144 27,307	10,806 9,510	23,065 21,387	12,048 10,569
Cash equivalent of transfer value – opening balance (£)	10,066 6,789	545,458 513,307	123,237 107,430	307,269 285,027	130,314 124,537
Cash equivalent of transfer value – closing balance (£)	74,445 29,565	578,914 545,458	144,002 123,237	339,695 307,269	152,587 130,314
Real increase in cash equivalent of Transfer Values (£)	56,502 18,090	2,233 -11,696	12,491 4,630	12,650 -3,367	13,307 2,192
Pension Provider	RCPS	RCPS	RCPS	RCPS	RCPS

## Pensions

- 8 Details of the Research Councils' Pension Scheme (RCPS) is included in Note 3 to the Accounts.

### Research Council Pension Scheme (Unaudited information)

- 9 ESRC employees may be in one of five Research Council Pension Schemes: classic, premium, classic plus, partnership or nuvos. The schemes are unfunded with the cost of benefits met by employer contributions currently 26% of pensionable salary and contributions as detailed below for current employees together with monies voted by Parliament each year. Pensions are increased annually in line with changes in the Consumer Prices Index. Full details about these pension schemes can be found at: <http://jsspensions.nerc.ac.uk/> however outlined below are the key features of the schemes:

#### Classic

This scheme is a defined benefits scheme, with benefits based on 'final salary'. Members' contribution rates are 1.5% of pensionable earnings plus additional employee contributions up to 2.4% based on earnings. Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. From 1 October 2002 classic became a closed scheme and no new members could join.

### Premium

Premium is a defined benefit scheme, with benefits based on 'final salary'. Employee contributions are set at the rate of 3.5% of pensionable earnings plus additional employee contributions up to 2.4% based on earnings. Benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). This scheme was closed to new entrants from 30 July 2007.

### Classic Plus

Classic Plus is a defined benefits scheme, with benefits based on 'final salary'. It is essentially a variation of Premium, but with benefits in respect of service before 1 October 2002 calculated broadly in the same way as in Classic. This scheme was closed to new entrants from 1 October 2002.

### Partnership

The Partnership pension account is a defined contribution (money purchase) arrangement. It is a stakeholder pension with employer contributions. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a selection of approved products (Scottish Widows, Standard Life and TUC/Prudential). The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement). When the member comes to retire they use the fund to buy a pension from a pension provider. They can choose to take up to 25% as a lump sum.

### Nuvos

Nuvos is a defined benefit scheme, based on a proportion of pay earned in each and every year of service. Members' contribution rates are set at 3.5% of pensionable earnings plus additional employee contributions up to 2.4% based on earnings. The pension is based on a proportion of pay earned in each and every year of service, which builds up to 2.3% of pensionable earnings each scheme year. This scheme was opened to new entrants on 30th July 2007.

## The Cash Equivalent Transfer Value (CETV)

- 10 A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Research Councils' pension arrangements and for which the RCPS has received a transfer payment commensurate with the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

## The real increase in the value of the CETV

- 11 This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

# Remuneration Report 2012/13

## Council Members Remuneration

- 12 Council members and Chairmen receive an honorarium in recognition of their service to ESRC, together with a refund of their reasonable expenses. The rate of honorarium is set by BIS. Council members are not employees of ESRC and the appointments are not pensionable. Members of Council who are civil servants are not entitled to receive an honorarium.
- 13 The following table details the period of appointment covering each Council member who served on the Council during 2012/13 along with the remuneration received for that period.

## Audited Information

### 2012/13 remuneration for Council Members (comparative 2011/12 figures in brackets)

Name	Period of Appointment	Remuneration £k
Dr Alan Gillespie – Chair of Council	01/06/09 – 30/06/17	15 - 20 (15 - 20)
Professor John Beath – Chair, Training & Skills Committee	01/08/09 – 31/07/14	0 - 5 (5 - 10)
Professor Dame Glynis Breakwell – Chair Research Committee	01/08/11 – 31/07/14	5 - 10 (5 - 10)
Professor Ann Buchanan – Chair, Evaluation Committee	01/08/07 – 31/07/13	5 - 10 (5 - 10)
Mr Martin Coleman	01/04/10 – 31/07/13	5 - 10 (5 - 10)
Professor Simon Collinson	01/04/11 – 31/03/14	5 - 10 (5 - 10)
Professor Stuart Croft	01/08/11 – 31/07/14	5 - 10 (0 - 5)
Dr Justin Davis Smith	01/04/11 – 31/03/14	5 - 10 (5 - 10)
Mr Paul Grice – Chair, Audit Committee	26/10/09 – 31/07/15	5 - 10 (5 - 10)
Mr Martin Rosenbaum	01/08/12 – 31/07/15	0 - 5 (-)
Professor David Martin	01/08/10 – 31/07/13	5 - 10 (5 - 10)
Dave Ramsden*	05/02/08 – 31/07/13	- (-)
Mr David Walker – Chair, Methods & Infrastructure Committee	01/02/07 – 31/07/13	5 - 10 (5 - 10)

\* Remuneration not payable as member works in the Civil Service.



20 June 2013

Paul Boyle

Accounting Officer

## Statement of Council's and Chief Executive's Responsibilities

Under paragraph 3 of Schedule 1 to the Science and Technology Act 1965 the Secretary of State for Business, Innovation and Skills (BIS) with the consent of the Treasury has directed the Council to prepare for each financial year a statement of account in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Council and of its income and expenditure, changes in tax payers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed and disclosed and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

The Accounting Officer for BIS has designated the Chief Executive of the Economic and Social Research Council as the Accounting Officer for the ESRC. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Council's assets, are set out in *Managing Public Money* published by the HM Treasury.

## Governance Statement

### 1 Headline

This Governance Statement sets out my assessment of ESRC's potential vulnerabilities and capability to deal with the challenges facing us in our operating environment.

**It is my assessment that ESRC is properly governed and that all significant risks, issues and resources are adequately controlled.**

### 2 Basis of Assessment

As Accounting Officer, I have responsibility for maintaining a sound system of governance and internal control, that supports the achievement of ESRC's policies, aims and objectives, whilst safeguarding the public funds and ESRC assets for which I am personally responsible. This is in accordance with the responsibilities assigned to me within 'Managing Public Money' and the requirements set out in the Management Statement and Financial Memorandum agreed between ESRC and its sponsoring department, the Department for Business, Innovation and Skills (BIS).

In forming my assessment I have examined the following sources of information:

- All council and committee meeting minutes;
- The work of internal audit, including work undertaken to evaluate funding assurance in UK universities, operation of the Shared Service Centre and Managing the risk of Financial Loss;
- The assessments of my individual directors as covered in their annual stewardship reports.

### 3 The Governance Framework

I am supported in my role as Accounting Officer by three key corporate governance bodies: the Council, the Audit Committee and the Directors Group.

The Council is the senior decision making body which sets the vision and strategic direction for ESRC. The responsibility for carrying out key strategy is delegated to me as the Chief Executive. Council members are appointed by the Secretary of State for Business Innovation and Skills. The Council is supported by a structure of advisory committees, networks and panels that work alongside a Peer Review College. Details of these groups can be found at <http://www.esrc.ac.uk/about-esrc/governance/committees-networks/index.aspx>.

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In 2012/13 the focus of Council discussion has been:

- Review of the ESRC Strategic Priorities;
- ESRC Governance Structure;
- Review of Life Study;
- Capital Investment Strategy;
- Transformative Research Project;
- The Future of Scotland and the UK Programme;
- Triennial Review of the Research Councils.

The Audit Committee supports the Council discussion through appropriate updates and briefings from the Chair of Audit Committee who is also a Council member.

The Audit Committee consists of 6 members (4 Council members and 2 co-opted members) and meets 3 times a year along with representatives from NAO, Internal Audit and the office. Audit Committee members are appointed by the office with the agreement of the Audit Committee Chair. In 2012/13 the Chair of ESRC Council also attended a meeting of the Audit Committee as an observer. It supports council and me by:

- Ensuring appropriate arrangements are in place for risk management, governance and operational effectiveness;
- Overseeing the work of internal and external auditors;
- Reviewing the annual financial statements on behalf of Council.

The Directors Group consists of myself and the ESRC Directors and Deputy Directors and is responsible for managing the day to day operations of ESRC in line with its strategic and business objectives. It meets regularly to make decisions and monitor high-level business planning as well as financial, risk and management issues.

The attendance of members at Council and Audit Committee meetings can be found in the following table:

	Council Meetings Attended	Audit Committee Meetings Attended
Dr Alan Gillespie	100%	100%
Professor Paul Boyle	100%	
Professor John Beath	100%	
Professor Glynis Breakwell	50%	
Professor Ann Buchanan	100%	66%
Mr Jeremy Clayton	100%	
Mr Martin Coleman	100%	66%
Professor Simon Collinson	75%	33%
Professor Stuart Croft	100%	
Dr Justin Davis-Smith	100%	
Professor A Goddard		0%
Mr Paul Grice	100%	100%
Ms Meryl Hayward		100%
Professor David Martin	75%	
Professor Dave Ramsden	50%	

Dr Graeme Reid	100%
Mr Martin Rosenbaum	100%
Mr David Walker	100%
Mr Allan Spencer	100%
<b>Overall</b>	<b>90%</b>
	<b>74%</b>

Council members undertook a self-assessment of their effectiveness in the Summer of 2012 and a collective discussion in October 2012 of their performance and the role of the office in providing support for Council. The self-assessments have been reviewed by the office and I have discussed the outcome of Council's discussions with the Chair. The overall conclusion of this process was that Council was working effectively to help ESRC achieve its strategic priorities through effective decision making and high standards of governance and ethics. Also, the quality of data received by Council was of a good standard helping to facilitate business to be conducted in an effective way.

The Audit Committee reviewed its effectiveness in 2011 with the outcome being that in the main the committee complied with best practice. It is planned to carry out the next review in October 2013.

During the year the Audit and Assurance Services Group undertook a review of ESRC's compliance with the 'Principles of Good Corporate Governance', and I am pleased to report that *Substantial Assurance* was received concluding that ESRC were largely compliant with the principles identified by cabinet Office. There were no areas identified as being non-compliant and the recommendations identified by audit will be addressed within 2013/14..

It is my view that the diversity across our governing groups is representative of wider society; decisions are timely, robust and based upon evidence. ESRC is charged with maintaining the 'Haldane Principle' which prevents political interference in scientific decisions. I can confirm this principle has been upheld and has not been under threat at any time.

During 2012/13 ESRC moved the management of its risks onto a risk management system called STAR. This has introduced a more formal approach to the management of risk and ensured that the approach to risk and reporting has been applied in a consistent way across ESRC.

ESRC's risk management process is designed to manage risk and not eliminate it. The quarterly review processes built into STAR allow risk owners to comment on mitigation actions and provide assurance that risks are being managed.

#### 4 Risk Management

Our business is to support independent, high quality research that has an impact upon business, the public sector and third sector. At any one time we support over 4,000 researchers and postgraduate students in academic institutions and independent research institutes. In terms of what we do our risk appetite is high by encouraging research at the frontier of knowledge, the development of innovative research methods and cover sensitive topics such as 'The future of Scotland and the UK' and 'Global Security'. Whilst what we do can be risky we have a low risk appetite in terms of the way we do business. We work only with UK eligible research institutions and make our investment decisions using a transparent peer review process details of which can be found on the following link.

<http://www.esrc.ac.uk/funding-and-guidance/guidance/applicants/transparency.aspx>

During 2012/13 ESRC moved the management of its risks onto a risk management system called STAR. This has introduced a more formal approach to the management of risk and ensured that the approach to risk and reporting has been applied in a consistent way across ESRC.

ESRC's risk management process is designed to manage risk and not eliminate it. The quarterly review processes built into STAR allow risk owners to comment on mitigation actions and provide assurance that risks are being managed.

During the year Audit Committee has reviewed ESRC's approach to risk management and have agreed an approach to monitor strategic risk. Strategic risks are identified by the office and regularly reviewed by Audit Committee and Council. It is through this review process that ESRC is able to understand the key headline risks that impact on the delivery of ESRC's business and enables mitigation actions to be discussed, agreed and implemented.

Risk reports have been regularly reviewed by Council and Audit Committee who have been satisfied with the management of ESRC risk during 2012/13. In addition there is a governance structure in place that allows both Council and Audit Committee to receive specific reports covering ESRC Business

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Critical Projects (BCPs) which provides assurance to ESRC and enables strategic discussions to take place. In 2012/13 the following BCPs and associated risks were covered:

- Understanding Society – participation attrition between successive waves impacts on longitudinal nature of the study, jeopardising the quality and analytical capacity;
- Life Study – the innovative scientific approach is leading to challenges in both operation and costing of the project;
- Future of Scotland and the UK – reputational risk from our research leadership in activities to inform the decision on the future of Scotland and the UK.

I am satisfied that with the appropriate input from Audit Committee and Council risk is being managed effectively within ESRC.

## 5 Other Key Governance Activities

**Fraud Control** – ESRC's fraud policy and guidance was refreshed in 2012/13 and made available to all staff on the Intranet ensuring that there is an awareness of their responsibilities to report fraud and the process by which to do so. The ESRC Head of Finance also attends the BIS Counter Fraud Working Group where best practice is shared and current fraud issues discussed. The ESRC fraud policy and guidance complies with best practise with no reported fraud in 2012/13. The ESRC Audit Committee annually reviews the fraud policy and guidance and considers the current version to be robust and fit for purpose.

There were no instances of fraud identified within ESRC during 2012/13. However, as noted below in the section on Internal Audit, in April 2013 UK SBS Ltd informed me that it had been subject to a number of instances of attempted fraud, which had been identified and avoided and were now subject to an investigation.

UK SBS Ltd has provided me with assurance that it is dealing with the matter appropriately, with regards to both the fraud attempts and necessary improvements to control frameworks, and that it is not aware of any fraud or suspected fraud affecting ESRC. I consider the level of risk of financial loss to which ESRC is exposed to be low and I am confident that the ESRC financial statements for 2012/13 are free from material misstatement from fraud.

**Data Protection and Information Assurance** – ESRC is committed to safeguarding information and personal data. ESRC have staff in post who are responsible for this area and who ensure that staff in general are aware of their own personal responsibilities in respect of data protection and information assurance. During 2012/13 there were no personal data related incidents reported to BIS.

**Transparency** – ESRC is committed to the Transparency Agenda introduced by the Government to allow visibility of how public funds are used and managed. I can confirm compliance with all the disclosure requirements which are made on our website and which are referenced on the Data.Gov.UK website. The transparency disclosure made by ESRC cover:

- ESRC organogram;
- Staff Salaries and senior posts;
- Expenses paid to Council Members and Directors;
- Government Procurement Card expenditure;
- All expenditure.

**Ministerial Directions** – There were no Ministerial directions given in 2012/13.

**Austerity Measures** – I can confirm that ESRC has a number of checks in place to ensure that the decisions being made within the organisation comply with the austerity measures announced. These checks are undertaken by the ESRC Corporate Finance team under the direct supervision of the ESRC Finance Director.

**Tax Assurance** – The Alexander Review was published in May 2012 making a number of recommendations to ensure that the highest standards of integrity could be demonstrated in the tax arrangements of senior public appointees. I can confirm that ESRC's senior staff are all paid through the payroll and that arrangements are in place through retained HR to provide assurance that appropriate tax arrangements are in place to cover any other appointees covered by the report.

**Managing the Risk of Financial Loss (MRoFL)** – The MRoFL initiative was introduced by HM Treasury in 2011/12 and adopted by BIS and its Partner Organisations. It covered transaction processing systems that resulted in payments or receipts in six core financial systems

A cross-Research Council project concluded on a satisfactory rating for 2011/12 although a number of remedial actions and issues were identified. Good progress has been made to address the issues raised with a range of governance related actions embedded within business as usual activities. AASG have also embedded MRoFL focused work into the overall assurance strategy for 2012/13, which provided Substantial Assurance for ESRC.

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I can confirm for the financial year ended 31 March 2013:

- Neither I nor my staff authorised a course of action, the financial impact of which is that transactions infringe the requirements of regularity as set out in Managing Public Money;
- Treasury approval has been obtained for all novel, contentious or repercussive transactions relating to 2012/13.

## 6 Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of ESRC's system for governance, risk management and internal control. My review in 2012/13 was informed by the work undertaken by a number of groups.

### 6.1 Internal Audit - Audit and Assurance Services group (AASG)

The Director of AASG, the ESRC's internal auditor, is required to provide me with an opinion on the overall adequacy and effectiveness of the ESRC's framework of governance, risk management and control. This opinion is informed by the internal audit work completed during the year, in line with the internal audit plan agreed by management and the Audit Committee. The work of the AASG provides assurance in three areas: core ESRC activities; cross-Council activities which ESRC is involved in; and processes shared by the ESRC and the SCC.

Based on the following work the Director of AASG was able to provide substantial assurance that the systems of internal control in place in the above areas for 2012/13 were operating effectively for the whole financial year.

ESRC Core Activities (weighted assurance – 50% of overall assurance opinion) – In 2012-13, AASG submitted reports on the following all of which received substantial or full assurance with no identified significant control weaknesses:

- Business Critical Project: Life Study;
- Evaluation and Communication of Impact;
- Corporate Governance: Triennial Review Readiness;
- Implementation of new Doctoral Training Centre.

Cross Council Activities (weighted assurance – 20% of overall assurance opinion) – In 2012-13, AASG submitted reports on the following all of which received substantial assurance with no significant control weaknesses:

- Health and Safety Management;
- Information Security and Assurance;
- Joint Superannuation Service;
- RCUK Overseas Offices;
- IT Disaster Recovery Planning;
- Research Schemes, Admin, Peer Review and Evaluation;
- RCUK Efficiency Programme;
- Social Media.

ESRC and RCUK SSC Ltd (now UK SBS Ltd) Shared Activities (weighted assurance – 30% of overall assurance opinion) – During 2011/12 RCIAS (now AASG) carried out 19 business process audits across all functional areas. During 2012/13 AASG revisited these audits and actively reviewed all outstanding 'high' priority recommendations seeking evidence of both implementation and effectiveness. All recommendations were signed off as completed and evidence provided.

The effectiveness of these areas continues to be monitored as part of the on-going review process and the following areas received 'Limited Assurance':

- GPC & iExpenses;
- Order to Cash;
- End to End Process Governance;
- Network Security;
- Mater Data Maintenance.

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AASG have stated that for 'GPC & iExpenses' and 'Order to Cash' there are no issues where the risk exposure for ESRC is considered high. This is due to the ESRC volumes in these specific areas being low, and the additional internal control checks undertaken by ESRC to mitigate against the identified weaknesses. The additional checks have been reviewed by Audit committee during 2012/13 and have also been evidenced by both AASG and NAO.

The internal audit reports covering 'End-to-end Process Governance', 'Network Security' and 'Master Data Maintenance' within RCUK SSC Ltd (now UK SBS Ltd) provided limited assurance. Between these audits there were a total of 10 high priority recommendations. Also, an audit investigating 'Application Security' received an overall rating of substantial assurance but two of the four areas covered by the audit received limited assurance, and one of the resulting recommendations duplicates a recommendation in the Master Data Maintenance audit. Responsibility for management action in these areas is within UK SBS Ltd.

As noted in the section on Fraud Control, in April 2013 UK SBS Ltd informed me that it had been the subject of a number of instances of attempted fraud which had been identified and avoided, and were now subject to an investigation. Follow up work by AASG in May 2013 concluded that the control framework for Master Data Maintenance had some identified risk exposures which were being addressed to reduce vulnerability.

Although the fraud attempts were detected before any financial loss, they did represent a failure of the controls framework operating within RCUK SSC Ltd (now UK SBS Ltd) due to specific weaknesses identified by the internal audit report into Master Data Maintenance delivered by AASG earlier in the year. In addition, these weaknesses had been identified by internal audit reports in earlier years and measures to address them had been recommended previously by AASG.

I consider the level of risk of financial loss to which ESRC has been exposed to be low. However I am concerned that the limited assurance provided by internal audit work with regard to some elements of the controls and security framework within RCUK SSC Ltd (now UK SBS Ltd), not just Master Data Maintenance, represents an area of risk for the ESRC which I am not able to directly manage.

UK SBS Ltd has provided me with assurance that it is dealing with the matter appropriately, with regards to both the fraud attempts and necessary improvements to control frameworks, and that it is not aware of any fraud or suspected fraud affecting ESRC. In the coming year the ESRC Audit Committee will review the outcomes of internal audit work by the AASG to check that improved control frameworks have been implemented and assess the evidence that they are adequate and effective.

## 6.2 External Audit

I have reviewed comments made by our external auditors, the National Audit Office (NAO) in their 2011/12 Audit Completion Report and am satisfied that ESRC has taken the actions required to address the audit findings. Any actions identified in the 2012/13 Audit Completion Report will be incorporated into an action plan.

## 6.3 Audit Committee

I have examined the reports of the ESRC Audit Committee's meetings including their review of internal controls, governance and risk management processes. I also attend all Audit Committee meetings and no issues have been raised with me by the committee.

## 6.4 Cross Council Assurance Groups

### • Cross Research Council Funding Assurance Programme (FAP)

A cross council process is in place under the Audit and Assurance Services Group which provides assurance on the regularity of research project expenditure at Universities and other research bodies. Measures are also in place to obtain assurance on the operation of the Transparent Approach to Costing at Universities supporting cost data in Full Economic Costing of funded research proposals.

The programme is undertaken by the Research Councils' UK Assurance Unit within AASG which is hosted by BBSRC and acts on behalf of the Research Councils by reviewing the regularity of expenditure on a sample of Research Council grants at a sample all eligible Research Organisations. The programme typically involves around 15-20 visits per annum to the research intensive organisations, supplemented by 15 desk based reviews for the less research intensive bodies. Assurance activities focus on the control environment and its effectiveness in ensuring compliance with the Research Councils' terms and conditions which accompany grant funding, with a further strand of work focusing on the scrutiny of the costing methodology used in research organisations, which for universities is the Transparent Approach to Costing (TRAC). The programme is an important element of the risk management framework for the ESRC with an annual report produced for me, as the Accounting Officer, which reports on activities undertaken in the year as well as proposed activities for the following year. For 2012/13, 17 visits were undertaken along with 15 desk based reviews. Findings for the year enabled AASG to provide a satisfactory level of assurance. Where we have identified specific issues with universities an action plan is in place to ensure appropriate improvements are introduced. In addition to the FAP process ESRC undertook a number of sample voucher checks on individual grants at final claim settlement stage.

I am satisfied with the level of assurance that the programme and ESRC's own work has given me.

- **Client Service Group (CSG)**

CSG represents all seven Research Councils in their collective relationship with the RCUK SSC Ltd (now UK SBS Ltd) as clients. The following statement represents an overview of the assurance provided to the Councils by the work of the CSG and its subgroups.

The RCUK Shared Services Centre (SSC) project ended on 31 March 2011. Since that date, the body responsible for co-ordinating the Councils' collective engagement with the RCUK SSC Ltd (now UK SBS Ltd) as clients has been the CSG. This role has been fulfilled alongside a range of assurance mechanisms established by BIS as part of the RCUK SSC Ltd (now UK SBS Ltd) stabilisation process and move toward on boarding new clients into the RCUK SSC Ltd (now UK SBS Ltd). For example from January 2012, a joint SSC/CSG assurance reporting framework was established to report to the BIS Assurance Board, set up to monitor the stability for the services provided by the RCUK SSC Ltd (now UK SBS Ltd).

The CSG has taken responsibility for, inter alia, the negotiation of annual service charges and development funding; the development of business improvement activities in each of the main functional areas covered by RCUK SSC Ltd (now UK SBS Ltd) service delivery; and oversight of an end to end audit assurance programme. Formal approval of funding is however made by the RCUK Efficiency and Reform Group, advised by CSG.

**Overall Assurance** – During the year our emphasis has been placed on seeing RCUK SSC Ltd (now UK SBS Ltd) through to stabilisation. As part of this process BIS have taken an active role in establishing robust structures with cross Council representation to oversee progress and input from AASG. The purpose of this framework was to ensure that the control structures surrounding the end-to-end shared business processes are suitably designed and established and operating as intended. In addition a revised suite of Critical Performance Indicators (CPI) have been put in place and the latest analysis indicates that the overall direction of travel for each of the areas is positive.

Stabilisation was formally signed off. Nevertheless, we continue to monitor and stress the importance of making sure that RCUK SSC Ltd (now UK SBS Ltd) performance, not just maintains these standards, but continues to improve.

**Key Areas** – As covered above, particular attention has been given to stabilisation over the past year. Going forward the governance arrangements will evolve as new clients come on board and discussions are in hand to formalise these arrangements. CSG continues to monitor progress and a range of key areas which for ESRC include:

- Post Stabilisation, manual workarounds;
- Grants service provision;
- Error count, accuracy, duplication, and timeliness of activities;
- MI for project managers; and
- Systems availability and security.

Looking ahead, a revised governance model will be rolled out as BIS and Partner Organisations begin to take service from the RCUK SSC Ltd (now UK SBS Ltd) and this will replace the current CSG structure during 2013/14. The Research Councils will participate within, and influence the shape of, this governance structure, but will need collectively to continue to:

- Assess the relevance of governance arrangements, charging models and CPIs to Research Council business needs;
- Ensure mitigations are in place to minimise any disruptive service impacts resulting from expansion of the RCUK SSC Ltd (now UK SBS Ltd) customer base.

## 6.5 ESRC Directors

ESRC Directors have responsibility for the development and maintenance of the internal control framework and provide me with an annual report on their stewardship and management within their Directorates. The 2012/13 stewardship reports have provided me with a reasonable assurance that a sound internal control framework is in place.

## 6.6 Conclusion

The conclusion of my review is that ESRC's overall governance and internal control structures are sound and ensure that public money is properly accounted for and used economically, efficiently and effectively. I can provide assurance that the governance and control structures in place support the achievement of the ESRC's policies, aims and objectives and that effective plans for continuous improvement are in place.



20 June 2013

Paul Boyle

Accounting Officer

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## The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Economic and Social Research Council for the year ended 31 March 2013 under the Science and Technology Act 1965. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### Respective responsibilities of the Council, Chief Executive and auditor

As explained more fully in the Statement of Council's and Chief Executive's Responsibilities, the Chief Executive is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Science and Technology Act 1965. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Economic and Social Research Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Economic and Social Research Council; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate and report.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Economic and Social Research Council's affairs as at 31 March 2013 and of the net expenditure after interest for the year then ended; and
- the financial statements have been properly prepared in accordance with the Science and Technology Act 1965 and Secretary of State directions issued thereunder.

### Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Science and Technology Act 1965; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns;  
or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

### Report

I have no observations to make on these financial statements.

**26 June 2013**  
**Amyas C E Morse**  
**Comptroller and Auditor General**

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

# Accounts

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## Statement of Comprehensive Net Expenditure for the year ended 31 March 2013

Expenditure	Notes	2012/13 £000	2011/12 £000
Programme Investment	2	193,010	201,864
Staff and Council Members' Costs	3	5,770	5,712
Other Costs	4	5,172	5,022
<b>Total Expenditure</b>		<b>203,952</b>	<b>212,598</b>
<hr/>			
<b>Income</b>			
Income From Other Bodies	5	(22,893)	(27,003)
<b>Net Expenditure</b>		<b>181,059</b>	<b>185,595</b>
<hr/>			
Interest Receivable		(1)	(5)
<b>Net Expenditure after Interest</b>		<b>181,058</b>	<b>185,590</b>
Other Comprehensive Expenditure		-	-
<b>Total Comprehensive Expenditure for the year</b>		<b>181,058</b>	<b>185,590</b>

All activities are continuing.

The notes on pages 66 to 83 form part of these accounts.

## Statement of Financial Position for the year ended 31 March 2013

	Notes	31 March 2013 £'000	31 March 2012 £'000
<b>Non-current assets</b>			
Property, Plant and Equipment	7 (a)	2,900	2,980
Intangible Assets	7 (b)	187	739
Investment in Joint Venture	8	-	885
<b>Total non-current assets</b>		<b>3,087</b>	4,604
<b>Current assets</b>			
Trade and other receivables	9	9,403	16,824
Cash and cash equivalents	10	1,284	624
<b>Total current assets</b>		<b>10,687</b>	17,448
<b>Total assets</b>		<b>13,774</b>	22,052
<b>Current liabilities</b>			
Trade and other payables	11	(28,770)	(44,974)
<b>Net current assets less net current liabilities</b>		<b>(14,996)</b>	(22,922)
<b>Non-current liabilities</b>			
Provisions	12	-	(16)
<b>Assets less liabilities</b>		<b>(14,996)</b>	(22,938)
<b>Taxpayers' Equity</b>			
Income & Expenditure Reserve		(17,534)	(25,500)
Restricted Reserve		302	326
Revaluation Reserve		2,236	2,236
		<b>(14,996)</b>	(22,938)



20 June 2013  
 Paul Boyle  
 Accounting Officer

The notes on pages 66 to 83 form part of these accounts.

# Accounts

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## Statement of Cash Flows for the year ended 31 March 2013

	Notes	2013 £'000	2012 £'000
<b>Cash flows from operating activities</b>			
Net expenditure after interest		(181,058)	(185,590)
Interest income		(1)	(5)
Intangible Asset impairment	7(b)	215	
Investment impairment	8	185	145
Depreciation charge	7(a)	80	80
Amortisation charge	7(b)	337	188
Decrease in provisions	12	(16)	(8)
(Increase)/Decrease in receivables	9	7,421	(1,193)
(Decrease)/Increase in payables	11	(16,204)	(9,881)
<b>Net cash outflow from operating activities</b>		<b>(189,041)</b>	<b>(196,264)</b>
<b>Cash flows from investing activities</b>			
Payments to acquire intangible assets	7	—	(135)
Derecognition of Investment	8	700	—
Interest received		1	5
<b>Net cash outflow from investing activities</b>		<b>701</b>	<b>(130)</b>
<b>Cash flows from financing activities</b>			
Grant-in-aid received		189,000	186,000
<b>Net cash inflow from financial activities</b>		<b>189,000</b>	<b>186,000</b>
<b>Net increase in cash and cash equivalents in the year</b>	10	<b>660</b>	<b>(10,394)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	10	<b>624</b>	<b>11,018</b>
<b>Cash and cash equivalents at the end of the year</b>	10	<b>1,284</b>	<b>624</b>

The notes on pages 66 to 83 form part of these accounts.

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Statement of Changes to Taxpayers' Equity for the year ended 31 March 2013

	Restricted Reserve £000	Revaluation Reserve £000	Income & Expenditure Reserve £000	Total Govt Funds £000
Balance at 31 March 2011	219	2,236	(25,803)	(23,348)

**Changes in Taxpayers' Equity for 2011/12**

Grant-in-Aid received	—	—	186,000	186,000
Revaluation in year	—	—	—	—
Transfer from/to Income & Expenditure Reserve – depreciation	—	—	—	—
Transfer of Restricted funds	107	—	(107)	—
Net Expenditure after Interest	—	—	(185,590)	(185,590)
<b>Balance at 31 March 2012</b>	<b>326</b>	<b>2,236</b>	<b>(25,500)</b>	<b>(22,938)</b>

**Changes in Taxpayers' Equity for 2012/13**

Grant-in-Aid received	—	—	189,000	189,000
Revaluation in year	—	—	—	—
Transfer from/to Income & Expenditure Reserve – depreciation	—	—	—	—
Transfer of Restricted funds	(24)	—	24	—
Net Expenditure after Interest	—	—	(181,058)	(181,058)
<b>Balance at 31 March 2013</b>	<b>302</b>	<b>2,236</b>	<b>(17,534)</b>	<b>(14,996)</b>

The 2011/12 movement in the Restricted Fund reflects funds received from the William and Flora Hewlett Foundation that had not been transferred into the Restricted Reserve.

The 2012/13 movement in the Restricted Fund reflects the utilisation of the Restricted Reserve.

# Notes to the Accounts

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## 1 Statement of Accounting Policies

### (a) Basis of Accounting

The accounts have been prepared in accordance with a direction given by the Secretary of State, with the approval of HM Treasury, in pursuance of Section 2 (2) of the Science and Technology Act 1965 and with the 2012/13 Government's Financial Reporting Manual (FReM).

The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice in accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the ESRC for the purpose of giving a true and fair view has been selected.

### Accounting Convention

These financial statements have been prepared under the historical cost basis modified to include the revaluation of property, plant and equipment and intangible assets where material.

These financial statements are presented in sterling, ESRC's functional currency, and all amounts have been rounded to the nearest thousand.

The particular policies adopted by ESRC are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

All International Financial Reporting Standards, Interpretations and Amendments to published standards, effective at 31 March 2013, have been adopted in these financial statements, taking account the specific interpretations and adaptions included in the FReM. The following new or revised standards have been reviewed and reflected in the preparation of these accounts where appropriate.

### Adoption of New or Revised Standards Effective for 2012/13

#### **IFRIC 14 – Prepayments of a Minimum Funding Requirement**

Allows entities to recognise as an asset some voluntary prepayments for minimum funding contributions.

### Adoption of Major FReM Changes for 2012/13

#### **The Application of Merger Accounting for the Public Sector Context**

The rise in public sector restructuring has brought to light practical, and in some cases, legal obstacles to applying merger accounting. These changes amend the current application of merger accounting to improve user understanding of service performance and rationalise reporting requirements.

#### **Accounting for the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme**

When purchasing allowances in 2012, it is possible that entities might purchase prospectively (i.e. in relation to expected 2012/13 emissions) as well as retrospectively (i.e. in relation to 2011/12 emissions). This provides guidance on the correct accounting of the purchase of allowances.

### New or Revised Standards Effective for Future Financial Years

The IASB and IFRIC issued certain standards and interpretations with an effective date after these financial statements. ESRC will undertake an assessment of the impact of the revisions listed below once the full requirements are known, although it is not expected that they will have a material impact on ESRC in the period of adoption. They have not been adopted early but will be adopted at the effective date where they are considered relevant to ESRC's circumstances.

#### **IAS 1 – Presentation of Financial Statements**

Introduces amendments to the presentation of items of Other Comprehensive Income.

#### **IAS 19 – Post employment benefits**

Introduces the elimination of the option to defer the recognition of gains and losses resulting from defined benefit plans and the improvement of disclosure requirements that will better show the characteristics of defined benefit plans and the risks arising from those plans.

#### **IAS 27 – Separate Financial Statements**

Introduces amendments to the consolidation of Financial Statements.

**IAS 28 – Investments in Associates and Joint Ventures**

Introduces Joint Ventures into the scope of this standard.

**IAS 32 – Financial Instruments: Presentation**

Introduces clarification of the requirements for offsetting financial assets and financial liabilities.

**IFRS 1 – First-time Adoption of International Financial Reporting Standards**

Introduces amendments to the requirements for treating Government loans.

**IFRS 7 – Financial Instruments**

Increased disclosure requirements for transfers of financial assets.

**IFRS 9 – Financial Instruments**

Addresses classification and measurement issues, impairments and hedge accounting.

**IFRS 10, 11 and 12 - Subsidiaries, Associates and Joint Ventures**

Introduces new and amended standards that affect the consolidation and reporting of Subsidiaries, Associates and Joint Ventures.

**IFRS 13 – Fair Value Measurement**

Provides consistent guidance and comparability in fair value measurements and related disclosures through a 'fair value hierarchy'

**(b) Going Concern**

The accounts have been prepared on the basis of a Going Concern. Any deficit shown on the Income and Expenditure Reserve would be extinguished over time, having regard to the resource and capital budgets to which ESRC can be expected to have access from the sponsoring department, BIS.

Grant-in-Aid for the coming year, taking into account the amounts required to meet the ESRC's liabilities falling due in that year, has already been included in the Department's Estimates for that year, which have been approved by Parliament. ESRC financial commitments on research and training grants beyond that period can be met well within the minimum reasonably anticipated income for those years. Such grants issued by ESRC are made under statutory powers within the terms of the Science and Technology Act 1965, applied upon the objects set out in Article 2 of the ESRC Royal Charter.

The settlement from the Comprehensive Spending Review provides for the continuing going concern of ESRC

IAS 10 also states that for non-trading entities the anticipated continuation of the provision for that service is normally sufficient evidence of going concern. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

**(c) Property, Plant and Equipment**

Capital expenditure includes the purchase of land, buildings, equipment to the value of £10,000 or more.

Property, plant and equipment is included at fair value. The basis of valuation for land and buildings is open market value for existing use.

Land and buildings are professionally revalued every five years. In the intervening period an annual fair value review based on appropriate indices takes place. Between the professional revaluation any indexed revaluation would be reflected in the accounts only where the cumulative difference is material.

In the opinion of the ESRC there is no material difference between the historic and current cost values of the IT and fixtures and fittings assets. ESRC has therefore, as permitted by the FReM, elected to adopt depreciated historic cost as a proxy for fair value for its non-property tangible and intangible assets.

Provision is made for depreciation/amortisation on property, plant and equipment, except land, at rates calculated to write off the costs or the valuation of each asset to its estimated residual value evenly over its expected useful life, as follows:

Freehold Buildings	60 years
IT and Fixtures and Fittings	3-10 years

The useful economic life of assets is reviewed regularly.

Depreciation is taken from the month of purchase with assets in the course of construction not depreciated until they are available for use.

# Notes to the Accounts

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## (d) Intangible Assets

Intangible assets that are acquired by the Council are stated at cost less accumulated amortisation and impairment losses. In the opinion of ESRC there is no difference between the historic and current cost values on intangible assets.

Amortisation is charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. The estimated useful lives are as follows:

Software	5 years
Datasets	5-10 years
Website	5 years

## (e) Financial Assets

Financial assets investments are stated at cost less provision for permanent diminution in value.

## (f) Impairment

The carrying amounts of the Council's assets are reviewed at each Statement of Financial Position date to determine whether there is any indication of impairment; an asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Net Expenditure.

## (g) Investments in Joint Ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

Interests in joint ventures are accounted for under the equity method of accounting in accordance with the principles of IAS 27, IAS 28 and IAS 31.

Under the equity method, the investment in the joint venture is carried in the Statement of Financial Position sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint venture. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the joint venture.

The joint ventures' accounting policies generally conform to those used by the BIS Group for like transactions and events in similar circumstances and in those instances where they do not conform, material adjustments are made to the Financial Statements.

See Note 8 covering ESRC's Joint Venture investment.

There are no material differences in accounting policies between ESRC and its Joint Ventures.

## (h) Ownership of Equipment or Facilities Purchased with Council Grants

Equipment or facilities purchased by an institution with research grant funds supplied by the ESRC belong to the institution and are not included in ESRC's property, plant and equipment. Through the conditions of the grant applied to funded institutions, the ESRC reserves the right to determine how such equipment or facilities shall be disposed of and how any disposal proceeds are to be utilised.

## (i) Grant in Aid and other Grants from the Department

Grant in Aid and other Grants from the Department are credited to the I&E Reserve as financing. Funding from other bodies is shown as income.

## (j) Research and Development

As a research funding organisation, the ESRC's research and development expenditure is charged to the Statement of Comprehensive Net Expenditure when it is incurred.

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The ownership of the intellectual property arising from a research project is made clear from the outset. Normally this rests with the university or institution receiving the ESRC award, unless stated to the contrary. Where there are material returns from intellectual property rights from an ESRC supported award, ESRC reserves the right to reclaim up to one third of the total, up to the value of its original award. Recoveries are credited to the Statement of Comprehensive Net Expenditure when received. Future intellectual property rights arising from the ESRC's research and development have not been included in the accounts as their value in terms of future income is not material and unpredictable.

#### **(k) Operating Segments**

The primary format used for segmental reporting is by programme expenditure as this reflects ESRC's internal management structure and reporting. ESRC's assets and liabilities are shared across all business units, which reflects the way the ESRC is managed. Disclosure of assets and liabilities by segment is therefore not required.

#### **(l) Insurance**

In line with Government policy, ESRC carries its own risks in respect of employment of staff, buildings, equipment etc, except where there exists a statutory requirement to insure or where commercial insurance represents better value for money.

#### **(m) Operating Leases**

There were no finance leases. Operating lease rentals are charged to the Statement of Comprehensive Net Expenditure on a straight line basis over the period of the lease. An operating lease exists covering ESRC's rental obligations on a London office (see Note 12).

#### **(n) Foreign Currencies**

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Net Expenditure.

#### **(o) Value Added Tax**

ESRC is partially exempt for VAT purposes. All expenditure and fixed asset purchases are shown inclusive of VAT where applicable.

#### **(p) Research Grants**

ESRC policy is to accrue for the costs of research undertaken at Higher Education Institutions at Statement of Financial Position date which remain unpaid by ESRC at that date. Future commitments in respect of costs of work yet to be undertaken within approved cash limits at the Statement of Financial Position date are disclosed in note 13.

#### **(q) Derivatives and Other Financial Instruments**

Due to the non-trading nature of its activities and the way in which ESRC is financed, ESRC is not exposed to the degree of financial risk faced by non-public sector entities. Moreover, financial instruments play a much more limited role in creating or changing risk that would be typical of the listed companies to which IAS 32, 39 and IFRS 7, mainly apply. ESRC has very limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day to day operational activities and are not held to change the risks facing ESRC in undertaking its activities.

Trade receivables are not interest bearing and are carried at original invoice amount less allowance for non collectable amounts. Provision for impairment is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of the receivable. The amount of provision is the difference between the carrying amount and recoverable amount and is recognised in the Statement of Comprehensive Net Expenditure.

Trade and other payables are recognised in the period in which related money, goods or services are received or when a legally enforceable claim against ESRC is established or when the corresponding assets or expenses are recognised.

# Notes to the Accounts

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## (r) Cash and Cash Equivalents

Cash and cash equivalents consist of cash balances only.

## (s) Restricted Reserve

The restricted reserve has two components and relates to: (i) funds received by ESRC as beneficiary of a will that can only be used for specified purposes; (ii) deposits received from international bodies for specific future research investment. Any income earned is transferred to the reserve from the Income and Expenditure Reserve. Restricted reserve used in year is transferred into the Income and Expenditure Reserve.

## (t) Accounting Estimates

The Council makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances at the reporting date. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

### Key Accounting Judgements

ESRC's significant accounting policies are stated below. Not all of these policies require management to make difficult subjective or complex judgements. Those that follow are intended to provide an understanding of the policies that management consider critical because of the level of complexity and judgement involved in their application and their impact on the financial statements.

### Research Accrual

Research grants are accounted for on an accruals basis. Adjustments are made to reflect activity which has commenced in advance of the first quarterly payment and activity which has completed in advance of the final payment.

A further adjustment is made to reflect the expected difference between profiled cash payments and expected final claims. By calculating the actual spend totals on grants that have completed in the previous twelve months an estimate is formed of the average spend variance for grants in progress.

### Non-Current Assets

The estimated economic useful lives of property, plant and equipment and intangibles are estimated based on the period over which the asset is expected to be available for use. Such estimation is based on experiences with similar assets and practices of similar businesses. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence or legal or other limits on the use of an asset. An increase in the estimated useful life of any item of property, plant and equipment and intangibles would decrease the recorded operating expenses and increase non current assets values.

### Provisions for Liabilities

Estimates are subject to uncertainty regarding timing or amounts of obligations (legal or constructive) due by the ESRC. Significant judgements are made regarding probability and measurement of obligations.

### Impairment of Assets

Property, Plant and Equipment are included at fair value. Management assess whether assets retain their value or whether the asset is impaired, suffering a permanent diminution in value. Judgements are made on obsolescence, damage and loss resulting from normal business operations, and changes in value as part of the annual review of Property Plant and Equipment.

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#### (u) Pension Scheme

The employees of the Council are members of the Research Councils' Pension Scheme (RCPS) which is a defined benefit scheme but is accounted for as a defined contribution scheme funded from annual Grant-in-Aid on a pay-as-you-go basis. RCPS and the entity has no legal or constructive obligation to pay those future benefits: its only obligation is to pay the contributions as they fall due and if the entity ceases to employ members of RCPS, it will have no obligation to pay the benefits earned by its own employees in previous years. For this reason, RCPS is treated as a defined contribution plan as stated in IAS 19. The benefits are by analogy to the Principal Civil Service Pension Scheme, except that while the schemes provide retirement and related benefits based on final emoluments, redundancy and injury benefits are administered and funded by ESRC. As permitted by IAS 19, ESRC has recorded the pension contributions payable for the period and a corresponding charge to the Statement of Comprehensive Net Expenditure.

#### (v) Income Accounting

Income from other bodies arises where public and private sector bodies have agreed to co-fund some of ESRC research expenditure. Such income is recognised when ESRC is entitled to the income. Income is only deferred where there are conditions in the co-funding agreement that have not been met by ESRC as at the year end.

#### (w) Programme Investment

ESRC's Programme Investment as disclosed in note 2 is described as follows:

##### **Responsive**

Research activity identified by UK researchers on topics of their choosing. Research activity is selected on quality and underpins the UK research capability.

##### **Strategic & Collaborative**

Research activity directed to meet one of our strategic priorities and may be directly funded or via a partner.

##### **Methods & Infrastructure**

Large scale survey, data services and methodological activity conducted for the benefit of all researchers.

##### **International & Other**

Research activity directed to meet one of our strategic priorities where they overlap with other international funders. Activity is co-funded with international funding organisations, although the grants funding is to UK researchers.

##### **Training & Skills**

Advanced training both for PhD and researcher career development.

##### **Knowledge Exchange**

Funding designed to facilitate societal use of research outputs. By creating this dialogue, research can more effectively influence policy and practice, thereby maximising its potential impact on the economy and wider society.

# Notes to the Accounts

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## 2 Programme Investment

	2012/13 £000	2011/12 £000
Restated		
Responsive	41,567	48,395
Strategic & Collaborative	46,400	57,008
Methods & Infrastructure	38,125	29,396
International & Other	3,878	5,551
Training & Skills	54,387	55,484
Knowledge Exchange	8,653	6,030
	<b>193,010</b>	201,864

The primary format used for internal reporting is by programme investment as this reflects ESRC's internal management structure (see note 1 w). The programme headings have been changed for 2012/13 to reflect the headings used in ESRC's Delivery Plan resulting in the restated 2011/12 figures. The expenditure against the different investments in 2012/13 is as planned. The reduction in international spend is due to the efforts to embed international activities into other programme activities.

## 3 (a) Staff Costs

	Permanently Employed Staff	Temporary Staff	Seconded Staff	Council and Committee Members	2012/13 £000	2011/12 £000
Wages and Salaries	4,150	102	37	167	4,456	4,438
Social Security Costs	332	—	—	—	332	303
Superannuation (Note 3c)	982	—	—	—	982	971
	<b>5,464</b>	<b>102</b>	<b>37</b>	<b>167</b>	<b>5,770</b>	<b>5,712</b>

There have been a number of exit packages agreed in the current year amounting to £565k. All exit packages are in line with contractual arrangements. There were no exit packages paid in 2011/12.

Exit Package Cost Band	Number of Compulsory Redundancies	Number of Other Agreed Departures
<£10,000	-	-
£10,000 – £25,000	-	2
£25,000 – £50,000	-	-
£50,000 – £100,000	-	3
£100,000 – £150,000	-	-
£150,000 – £200,000	-	2
<b>Total Number of Exit Packages</b>	<b>-</b>	<b>7</b>

### 3 (b) Staff Numbers

	2012/13 Permanently Employed	2012/13 Temporary Staff	2011/12 Restated
Strategic Management	<b>4</b>	2	5
Programme Investment Delivery and Management	<b>84</b>	15	85
Administration Support	<b>28</b>	–	30
	<b>116</b>	<b>17</b>	120

The analysis of staff numbers has been changed in 2012/13 to reflect ESRC's Programme and Administration split. The 2011/12 figures have therefore been restated. The increase in staff numbers is due to ESRC's Graduate Programme where a number of 12 month internships are reflected within the temporary staff figure.

### 3c Superannuation

The employees of the Council are members of the Research Councils' Pension Scheme (RCPS) which is a defined benefit scheme funded from annual grant-in-aid on a pay-as-you-go basis. The RCPS is in all respects 'by-analogy' with the Principal Civil Service Pension Scheme, except that the employer's contribution is determined separately. The scheme provides retirement and related benefits based on final or average emoluments. Redundancy and injury benefits are administered and funded by the Council. The scheme is administered by the Research Councils' Joint Superannuation Service with the associated grant-in-aid managed by BBSRC.

Employees may be in one of four defined benefit scheme arrangements; either a 'final salary' scheme (classic, classic plus or premium); or a career average scheme (nuvos). Pensions payable are increased annually in line with changes in the Consumer Prices Index (CPI). The employer contribution rate is agreed by the RCPS Board of Management on the recommendation of the Government Actuary's Department (GAD) and is set at 26.0% of pensionable pay. During 2012/13 the employee contribution rates ranged between 1.5% and 3.5% depending on scheme with an additional contribution ranging up to 2.4% depending on the pensionable salary. From 1 April 2013 the range for additional employee contribution rates have been increased up to 4.75% depending on the pensionable salary.

As an alternative to the RCPS a Partnership Pension Account was made available to new recruits from 1 October 2002. It is based on the portable Stakeholder Pension introduced by the Government in 2001. This is a defined contribution scheme. The employers pay the RCPS 0.8% of pensionable pay to cover death in service and ill health benefits. The employers pay an age related contribution to the employee's private pension provider.

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age or immediately on ceasing to be an active member of the scheme if they are already at or over pensionable age. Pensionable age is 60 for members of the classic, classic plus and premium scheme arrangements and 65 for members of Nuvos.

For further details about the Research Councils Pension Scheme pension arrangements can be found at the website <http://jsspensions.nerc.ac.uk/>

The RCPS is an unfunded multi-employer defined benefit State scheme which is funded on a pay-as-you-go basis. Contributions are set at a level that is expected to be sufficient to pay the required benefits falling due in the same period with future benefits earned during the current period to be paid out of future contributions. In RCPS, ESRC has no legal or constructive obligation to pay those future benefits. Its only obligation is to pay the contributions as they fall due and if the entity ceases to employ members of RCPS, it will have no obligation to pay the benefits earned by its own employees in previous years. For this reason, RCPS is treated as a defined contribution plan as stated in IAS 19.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal actuarial valuations shall be four years, with approximate assessments in intervening years.

The last formal actuarial valuation undertaken for the RCPS as at 31 March 2006 was completed in 2008/09. Consequently, a formal actuarial valuation as at 31 March 2010 was initiated. Treasury put all the valuations for Public Sector schemes on hold, these have now been released with a new valuation date of 31 March 2012. Treasury will not be providing any guidance until later this year so we will not expect anything until 2014/15.

Subsequently however, formal actuarial valuations for unfunded public service pension schemes have been suspended by HM Treasury on value for money grounds while consideration is given to recent changes to public service pensions and while future scheme terms are developed as part of the reforms to public service pension provision. The primary purpose of the formal actuarial valuations is to set employer and employee contribution rates, and these are currently being determined under the new scheme design.

# Notes to the Accounts

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For 2012/13, employer's contributions of £982k were payable to the RCPS (2011/12 £971k) at 26% of pensionable pay for all the salary bands. Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

## 4 Other Costs

	2012/13 £000	2011/12 £000
		Restated
Maintenance and Office support	1,002	1,134
Operating Expense	898	200
Corporate Communications	23	969
Staff Travel, Conferences and Training	508	459
Auditors' Remuneration	63	64
RCUK Office	120	123
SSC (now SBS) Service Costs	1,741	1,662
Depreciation/Amortisation	417	268
Loss on Joint Venture	185	145
Impairment on Intangible Assets	215	–
Provision for bad and Doubtful Debts	–	(2)
	<b>5,172</b>	5,022

A reduction in the number of headings and new descriptions have been used in 2012/13 to better reflect the types of Other Costs used. The disclosure now also includes lines for Depreciation/Amortisation, Loss on Joint Venture and Impairment on Intangible Assets which previously would have been included as lines on the Statement of Comprehensive Net Expenditure. Research Evaluation costs previously disclosed within Other Costs are now reflected in the Programme Investments costs in Note 2. While the location and descriptions of certain expenditure has changed from prior year there is no change in the total value of prior year net expenditure after interest as reported in the Statement of Comprehensive Net Expenditure.

## 5 Income Received from Other Bodies

	2012/13 £000	2011/12 £000
Non-Departmental Public Bodies	11,981	11,744
Other Government	8,533	13,997
Other	2,379	1,262
	<b>22,893</b>	27,003

Income from other Government bodies has reduced reflecting a shift in the portfolio of co-funding as old Research Investments end and are replaced.

## 6 Statement of Operating Costs by Operating Segment

The primary format used for segmental reporting is by programme investment as this reflects ESRC's internal management structure and reporting (see note 1w). The programme headings have been changed from those used in 2011/12 to reflect the headings used in ESRC's Delivery Plan. ESRC's assets and liabilities are shared across all business units, which reflects the way the ESRC is managed. Disclosure of assets and liabilities by segment is therefore not required.

### Analysis by Programme Segment – 2012/13

	Programme Costs £000	Staff Costs £000	Other Costs £000	Loss on Investment £000	Depreciation & Amortisation	Total £000
Responsive	41,567	1,403	1,310	–	–	44,280
Strategic & Collaborative	46,400	1,973	219	–	–	48,592
Methods & Infrastructure	38,125	361	156	–	–	38,642
International & Other	3,878	235	40	–	–	4,153
Training & Skills	54,387	337	15	–	–	54,739
Knowledge Exchange	8,653	209	14	–	–	8,876
Programme Delivery & Administrative	–	1,252	2,816	185	417	4,670
	<b>193,010</b>	<b>5,770</b>	<b>4,570</b>	<b>185</b>	<b>417</b>	<b>203,952</b>

### Analysis by Programme Segment – 2011/12 (restated)

	Programme Costs £000	Staff Costs £000	Other Costs £000	Loss on Investment £000	Depreciation & Amortisation	Total £000
Responsive	48,395	1,136	1,422	–	–	50,953
Strategic & Collaborative	57,008	682	113	–	–	57,803
Methods & Infrastructure	29,396	383	26	–	–	29,805
International & Other	5,551	387	58	–	–	5,996
Training & Skills	55,484	363	22	–	–	55,869
Knowledge Exchange	6,030	467	10	–	–	6,507
Programme Delivery & Administrative	–	2,294	2,958	145	268	5,665
	<b>201,864</b>	<b>5,712</b>	<b>4,609</b>	<b>145</b>	<b>268</b>	<b>212,598</b>

# Notes to the Accounts

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## 7 (a) Property, Plant and Equipment

The freehold land and buildings net book value relates to the Council's share of Polaris House, Swindon. The land and buildings in totality were professionally valued as at 31 March 2011 by Paul Powis (FRICS) of Powis Hughes Chartered Surveyors in accordance with SAVP and RICS guidance notes on an open market value basis. The figure disclosed represents an agreed apportionment to ESRC of the total valuation.

	Freehold Buildings £'000	Freehold Land £'000	IT / Furniture & Fittings £'000	Total £'000
<b>Cost/Valuation</b>				
At 1 April 2012	2,030	1,008	52	3,090
Reclassification	—	—	—	—
Additions	—	—	—	—
Revaluation	—	—	—	—
Disposals	—	—	—	—
<b>At 31 March 2013</b>	<b>2,030</b>	<b>1,008</b>	<b>52</b>	<b>3,090</b>
<b>Depreciation</b>				
At 1 April 2012	68	—	42	110
Provided in year	70	—	10	80
Revaluation	—	—	—	—
Disposals	—	—	—	—
<b>At 31 March 2013</b>	<b>138</b>	<b>—</b>	<b>52</b>	<b>190</b>
<b>Net Book Value</b>				
<b>31 March 2013</b>	<b>1,892</b>	<b>1,008</b>	<b>—</b>	<b>2,900</b>
<b>Cost/Valuation</b>				
At 1 April 2011	2,030	1,008	1,573	4,611
Reclassification	—	—	—	—
Additions	—	—	—	—
Revaluation	—	—	—	—
Disposals	—	—	(1,521)	(1,521)
<b>At 31 March 2012</b>	<b>2,030</b>	<b>1,008</b>	<b>52</b>	<b>3,090</b>
<b>Depreciation</b>				
At 1 April 2011	—	—	1,551	1,551
Provided in year	68	—	12	80
Revaluation	—	—	—	—
Disposals	—	—	(1,521)	(1,521)
<b>At 31 March 2012</b>	<b>68</b>	<b>—</b>	<b>42</b>	<b>110</b>
<b>Net Book Value</b>				
<b>31 March 2012</b>	<b>1,962</b>	<b>1,008</b>	<b>10</b>	<b>2,980</b>

## 7 (b) Intangible Assets

Data sets relate to the purchase of licenses giving ESRC the rights to access data. Software relates to the internal development of in-house systems used within the business. Website costs relate to the internal development costs of ESRC's website.

	Data Sets £'000	Software £'000	Website £'000	Total £'000
<b>Cost</b>				
At 1 April 2012	2,079	241	173	2,493
Impairment	(215)	—	—	(215)
Disposals	(1,864)	—	—	(1,864)
<b>At 31 March 2013</b>	<b>—</b>	<b>241</b>	<b>173</b>	<b>414</b>
<b>Amortisation</b>	<b>(Restated)</b>	<b>(Restated)</b>	<b>(Restated)</b>	
At 1 April 2012	1,601	114	39	1,754
Provided in year	263	38	36	337
Disposals	(1,864)	—	—	(1,864)
<b>At 31 March 2013</b>	<b>—</b>	<b>152</b>	<b>75</b>	<b>227</b>
<b>Net Book Value</b>				
<b>At 31 March 2013</b>	<b>—</b>	<b>89</b>	<b>98</b>	<b>187</b>
At 1 April 2011	1,944	2,966	1,720	6,630
Additions	135	—	—	135
Disposals	—	(2,725)	(1,547)	(4,272)
<b>At 31 March 2012</b>	<b>2,079</b>	<b>241</b>	<b>173</b>	<b>2,493</b>
<b>Amortisation</b>				
At 1 April 2011	1,487	2,800	1,551	5,838
Provided in year	176	7	5	188
Disposals	—	(2,725)	(1,547)	(4,272)
<b>At 31 March 2012</b>	<b>1,663</b>	<b>82</b>	<b>9</b>	<b>1,754</b>
<b>Net Book Value</b>				
<b>31 March 2012</b>	<b>416</b>	<b>159</b>	<b>164</b>	<b>739</b>

7 (c) During 2011/12 ESRC undertook an exercise to identify those assets with a NBV of zero that required disposal. This is reflected in the high disposal figures disclosed in the above tables. In 2012/13 ESRC disposed of the Data Sets to reflect the change in their ownership and control.

7 (d) In order to introduce consistency and reflect the increased speed of IT obsolescence on the useful life of some assets have been reduced. This has resulted in a higher depreciation/amortisation figure in 2012/13.

# Notes to the Accounts

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## 8 Investment in Joint Venture

	2012/13 £000	2011/12 £000
<b>Investment in SSC (now SBS)</b>		
<b>Cost</b>		
1 April 2012	1,135	1,135
Additions	—	—
<b>31 March 2013</b>	<b>1,135</b>	<b>1,135</b>
<b>Impairment</b>		
1 April 2012	250	105
Impairment	185	145
<b>31 March 2013</b>	<b>435</b>	<b>250</b>
Disposal	(700)	—
<b>Net Book Value</b>		
1 April 2012	885	1,030
<b>31 March 2013</b>	<b>—</b>	<b>885</b>

RCUK SSC UK Ltd was accounted for as a joint venture until the change in governance and ownership of the company on 6 March 2013. Under the new arrangement the company's name was changed to UK Shared Business Services Limited (UK SBS Ltd); BIS hold a Government Department (GD) share carrying 51% of the votes, UK SBS Ltd holds 1 share carrying 5% of the votes, and all other stakeholders including ESRC each own one non-Government Department (NGD) share, with the combined voting value of all the NGD shares being 44%.

ESRC have exchanged their A share, which carried the voting rights, for a new NGD share and have sold their B shares, conveying ownership rights, to BIS at their value as at 6 March 2013 (£700k). This value represents ESRC's opening JV value (£885k) less ESRC's share of the company's losses and other impairments incurred during the year until 6 March 2013 (£185k). The amount from BIS can be seen on the Cash Flow Statement under investing activities, and means that ESRC have not needed to draw down as much GIA from BIS as initially expected. ESRC's share of the company losses and other impairments has been charged to the Statement of Comprehensive Net Expenditure.

This leaves ESRC with one NGD share and means that ESRC no longer have joint ownership of the company. Therefore the company has been reclassified as an unlisted investment with an initial cost of £1 being the nominal value of the NGD share.

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**9 Trade Receivables and other Current Assets**

	2012/13 £000	2011/12 £000
<b>Current Receivables</b>		
Co-funding receivables (Central Government bodies)	229	902
Co-funding receivables (Other bodies)	2,009	27
Other receivables (Other bodies)	13	329
	<b>2,251</b>	1,258
Less: provision for bad and doubtful debts	–	(2)
	<b>2,251</b>	1,256
Prepayments and accrued income (Central Government bodies)	29	–
Prepayments and accrued income (Other bodies)	7,123	15,568
	<b>9,403</b>	16,824

**10 Cash and Cash Equivalents**


---

**10 (a) The following balances at 31 March were held at:**

	2012/13 £000	2011/12 £000
Government Banking Service	982	298
Restricted Reserve bank account	302	326
<b>Cash at 31 March</b>	<b>1,284</b>	624

---

**10 (b) Reconciliation of movements in cash to movements in net funds**

	2012/13 £000	2011/12 £000
Cash at 1 April	624	11,018
Net change in cash and cash equivalent balances	660	(10,394)
<b>Cash at 31 March</b>	<b>1,284</b>	624

# Notes to the Accounts

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## 11 Trade Payables and other Current Liabilities

Amounts falling due within one year	2012/13 £000	2011/12 £000
Research Accrual (Other bodies)	24,587	29,133
Studentship Accrual (Other bodies)	–	3,271
Deferred Income (Central Government bodies)	–	5,838
Deferred Income (Other bodies)	96	1,435
Other Payables and Accruals (Other bodies)	2,614	2,132
Other Payables and Accruals (Central Government bodies)	1,473	3,165
	<b>28,770</b>	<b>44,974</b>

## 12 Provisions for Liabilities and Charges

	2013 £000	2012 £000
As at 1 April 2012	16	24
Provided in year	–	3
Provisions utilised in year	(16)	(11)
<b>As at 31 March 2013</b>	<b>–</b>	<b>16</b>

The provision has not been discounted on the basis that the time value of money is not significant.

Provision was made for the outstanding rental obligations on a London office leasehold property held jointly by the Research Councils. Negotiation of a sub-lease to a third party left a residual lease obligation of £51,000 pa, with ESRC's share together with other minor residual liabilities being £16,000 pa. The provision was fully utilised in 2012/13 and the rental obligation has ceased.

## 13 Forward commitments on Approved Grants and Awards

### a) Research Awards

Future commitments on approved research awards to Higher Education Institutions and other approved Research bodies:

	31 March 2013 £000	31 March 2012 £000
2012/13	–	91,416
2013/14	106,556	52,450
2014/15	61,875	30,136
Later years	48,395	–
	<b>216,826</b>	<b>174,002</b>

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**(b) Postgraduate Training**

Future commitments on approved postgraduate awards:

	31 March 2013 £000	31 March 2012 £000
2012/13	–	41,894
2013/14	<b>44,471</b>	24,226
2014/15	<b>38,414</b>	24,727
Later years	<b>41,334</b>	–
	<b>124,219</b>	90,847

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**(c) Knowledge Exchange**

Future commitments on approved knowledge exchange activity:

	31 March 2013 £000	31 March 2012 £000
2012/13	–	2,875
2013/14	<b>3,119</b>	11
2014/15	<b>87</b>	–
Later years	–	–
	<b>3,206</b>	2,886

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**d) Capital Commitments**

There were no capital commitments at 31 March 2013 (2011/12 nil).

**14 Contingent Liabilities**

The Council has no material contingent liabilities (2011/12 nil).

**15 Related Party Transactions**

ESRC is a non-departmental public body sponsored by BIS. For the purposes of International Accounting Standard 24, BIS is regarded as a related party. During the year; ESRC has had various material transactions with BIS and other bodies for which BIS is regarded as the parent department; namely the Biotechnology and Biological Sciences Research Council, the Engineering and Physical Sciences Research Council, the Natural Environment Research Council; the Medical Research Council; the Science and Technology Facilities Council; the Arts & Humanities Research Council; the Technology Strategy Board; Higher Education Funding Council for England; the National Endowment for Science Technology and the Arts.

In addition ESRC had the following material transactions with other Government Departments and other Central Government bodies: Department of Health; Higher Education Funding Council for Wales; Department for International Development; Department for Works and Pensions and the Defence Science and Technology Laboratory.

Transactions have taken place between ESRC and RCUK SSC Ltd (now UK SBS Ltd) in respect of the HR, strategic procurement, payroll, IT, and Financial Services supplied in the year.

These Accounts provide disclosure of all material financial transactions with those who have been defined as 'Directors'. In the ESRC context this has been taken to include senior executive staff, as at Section 6 of the Remuneration Report, and all Council members. In addition disclosure is provided in respect of members of ESRC Scientific Advisory Committees, which are used to make recommendations on research and training awards.

# Notes to the Accounts

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During the year, ESRC did not enter into any transactions with any such Directors. However it did enter into a number of material transactions with Institutions employing Council members who had no direct interest in the award concerned (**Table A**). None of the Council members were involved in the recommendation of awards to the Institution where they are a senior member of staff or member of the Governing body. The amounts disclosed represent actual amounts paid in 2012/13.

Information is disclosed on material transactions with any related party of these senior staff and Council members (**Table B**). The amounts disclosed represent actual amounts paid in 2012/13.

In addition, ESRC made a number of payments in respect of ESRC funded awards to Institutions where Committee/Council members were the named Principal Investigator. None of the disclosed Committee/Council members were involved in the approval of awards to the Institution where they were named as the Principal Investigator. (Table C). Under ESRC regulations all proposed awards to Council and Committee members are subject to prior review by the Chair of Audit Committee and approved by Council. The amounts disclosed represent actual amounts paid in 2012/13.

Table A

Council Member	Institution	No of Awards	Amount £
Professor J Beath	University of St Andrews	17	2,398,768
Professor Dame G Breakwell	University of Bath	10	450,754
Professor A Buchanan	University of Oxford	82	9,449,557
Professor S Collinson	University of Birmingham	49	3,205,438
Professor S Collinson	University of Reading	13	357,200
Professor S Croft	University of Warwick	37	2,410,213
Professor D Martin	University of Southampton	50	4,957,980

Table B

Council/Committee Members	Related Party	No of Awards held by Related Party	Amount paid to Related Party £
Professor D Martin	Consultancy on Beyond 2011 Seminar	1	6,000
Mr D Ramsden	Trustee (Pro Bono Economics)	1	27,637

Table C

Council/Committee Members	Institution	No of Awards	Aggregate Amount £
Professor R Edwards	University of Southampton	1	(1,232)
Professor P Elias	University of Warwick	1	210,551
Professor E Fieldhouse	University of Manchester	1	33,600
Professor B Francis	Lancaster University	1	4,602
Professor C Holdsworth	Keele University	1	30,316
Professor J Love	University of Birmingham	1	30,128
Professor D Martin	University of Southampton	2	147,770
Professor S Mcvie	University of Edinburgh	2	524,880
Dr P Nightingale	University of Sussex	2	286,897
Professor K Rastle	Royal Holloway London	2	90,654
Professor D De Roure	University of Oxford	1	289,193
Professor K Rowlingson	University of Birmingham	1	(2,825)
Professor A Stirling	University of Sussex	1	61,506
Dr C Taylor	Cardiff University	1	70,153
Professor P Whiteley	University of Essex	2	(15,929)
Professor M Williams	Cardiff University	1	34,361

## 16 Financial Instruments

IFRS 7, Financial Instruments: Disclosures, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks ESRC faces in undertaking its activities. Specifically: (a) the significance of financial instruments affecting financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which it is exposed. Because of the largely non-trading nature of its activities and the way it is financed, the ESRC is not exposed to the degree of financial risk faced by businesses. Moreover, financial instruments play a limited role in creating or changing risk on its operational activities.

**Liquidity Risk** – ESRC's net revenue resource requirements are financed by resources voted annually by Parliament, and administered as Grant-in-Aid through the Department for Business Innovation, and Skills, just as its capital expenditure largely is. ESRC is not therefore exposed to significant liquidity risks. As described in note 1 (b) ESRC is dependent on funding from BIS to meet liabilities falling due in future years, but there is no reason to believe that this funding will not be forthcoming.

**Interest-Rate Risk** – All of ESRC's financial assets and liabilities carry nil or fixed rates of interest. ESRC is not therefore exposed to significant interest-rate risk.

**Currency Profile** – At the Statement of Financial Position date ESRC held no significant foreign currency assets or liabilities.

**Foreign Currency Risk** – ESRC's exposure to foreign currency risk is not significant. Foreign currency income is negligible and foreign currency expenditure at less than 1% of total expenditure is not significant.

## 17 Losses and Special Payments

There were no losses or special payments that need to be reported.

## 18 Events after the Reporting Period

There were no events between the Statement of Financial Position date and 26 June 2013, the date when the Accounting Officer approved the accounts for issue. The Financial Statements do not reflect events after this date.



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The ESRC is an independent organisation, established by Royal Charter in 1965, and funded mainly by the Government.

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